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FINANCIAL TIMES

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Saturday July 20 1985

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260 feared dead as Dolomite dam bursts

More than 260 people were feared dead when a dam burst and engulfed the village of Stava in the Dolomite mountains of northern Italy yesterday.

Civil Protection Minister Giuseppe Zambarletti said 66 bodies had been recovered and that 195 people were unaccounted for after water and mud had swept away three hotels and between 10 and 20 homes.

Officials said 250,000 cubic metres escaped in 20 seconds after the dam gave way. They said it could have been weakened by recent storms.

Sig Zamberletti, who flew to the scene from Rome, said 120 of those missing were guests in the stricken hotels, while 15 were in rented houses and tho rest were villagers.

A party of 50 boy scouts from Milan, initially believed to be staying in Stava, were traced to Dimaro, 28 miles away. Thousands of rescue workers last night were sifting through the mud in the hope of finding more survivors. Earlier story, Page 3

A tax deductible invasion of legal dollar power

BY SUE CAMERON

BY THURSDAY morning this week 10,514 people had formally registered as delegates to the American Bar Association in London. And the organisers were still counting.

Many of the U.S. lawyers have brought their husbands or wives and their children with them. Even allowing for 1,500 of the delegates being home-grown English barristers or solicitors, the strength of the invasion force was estimated at more than 20,000.

One London cab driver reported: "Americans? You can't move for them. Every fare I've had this week has been foreign. One of these American lawyers climbed into the back yesterday and he says to me: 'I'm one of them.' So I says to him: 'Are you now?' And be says: 'Yes, I'm one of the 20,000.' So I says: 'Yes—but you're all right aren't you? If you know what I mean?'"

But it was only on occasions that the two nations were divided by their common language. Every hotelier and retailer in the English capital understood that the Americans were expected to spend more than £30m in London alone during their week-long jamboree. The £30m figure is a conservative estimate — and this weekend many of the U.S. lawyers are departing for further meetings in Edinburgh or Dublin and for holiday tours of Britain's countryside.

Some shops organised late-night opening for the association delegates. St Christopher's Place, off Oxford Street, is said to have been "well satisfied" with the results. Even Marks and Spencer is reported to have thought about holding its first-ever late-night shopping event. The association's formal programme for legal debates and more important pursuits like shopping was already full. This is hardly surprising given that organisation of the meeting started four years ago.

Harrods, which seems to have been the main attraction for shop-happy lawyers, was maintaining a typically British stiff upper lip about the association.

"No," said Harrods. "It simply isn't true that we brought our sale forward to fit in with the lawyers' convention. Yes, I know the sale started on the day they arrived, but that was just fortunate timing. Yes, certainly they've been here. With a vengeance. But then we're on their list of things to see, along with the Tower of London. I simply don't know if any of them have spent any money with us. All I can say is that they have been in the store."

Hmm. Well what did the takings look like?

"We took £8.3m during the first two days of the sale. Yes, actually that is up on last year's July sale—by 20 per cent."

But not everyone was jubi-

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American Bar Association reports, Page 6

WORLD NEWS

Headmaster 'should quit'

Parents of the four Stoke Poges boys who died on a Land's End school outing called for the resignation of their headmaster Alec Askew after an inquest returned verdicts of death by misadventure.

Reagan home today

The White House said President Reagan will leave Bethseda Naval Hospital, where he has had surgery to remove a cancerous growth, today. He had not been expected to return to his office before Monday.

U.S. ban on wines

The U.S. ordered importers and wholesalers to stop the sale of Austrian wines until they have been tested for a poisonous chemical used as anti-freeze. Meanwhile, Vienna authorities discovered small quantities of the wine. Page 3

Gujarat pact fails

Four people died and 16 were hurt at Ahmedabad in the Indian state of Gujarat despite an agreement aimed at ending four months of unrest over job reservations for backward castes. Earlier story, Page 2

Life for robber

Armed robber Colin Richards, aged 35, paralysed since a shoot-out with police in Frinton-on-Sea, Essex, last August, was jailed for life for the murder of a policeman and sentenced to seven years for wounding another police officer with intent to resist arrest.

W. Yorks loses ruling

West Yorkshire Metropolitan County Council, which is to be abolished at the end of this financial year, had no legal right to set up a £400,000 trust fund to circumvent Government spending curbs, two High Court judges ruled.

Greenpeace fine threat

An Antwerp appeal court threatened to fine the environmental group Greenpeace BFr 1m (£12,300) a day if it continued to obstruct Belgian ships from dumping chemical waste.

Israel to free 100

Israel said that next week it will free 100 of the 453 prisoners which it still holds from the war in Lebanon, as part of a phased release.

Martial law lifted

Turkey lifted martial law in six provinces including Ankara after six and a half years but retained it in the South-east where Kurdish rebels are active.

£3m heroin haul

Customs officers seized 12.5 kilos of heroin, worth £3m, in London, Birmingham and Coventry. Some of the haul was tracked from India, on board a ship in a cargo of desk-top pen holders.

Live Aid seen by 30m

About 30m people in Britain watched BBC TV's coverage of last Saturday's Live Aid concert on behalf of famine relief. UK donations have reached £13.5m.

BUSINESS SUMMARY

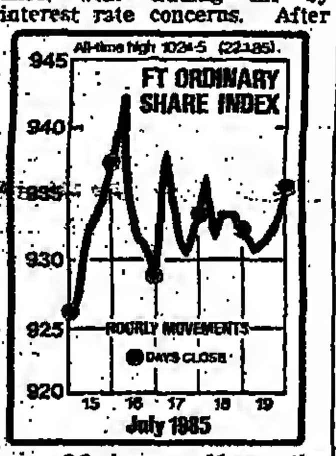
U.S. setback for Boots

BOOTS, the retail and drugs company, suffered a big legal setback in its U.S. marketing plans for ibuprofen, its anti-arthritis drug.

A West Virginia court rejected its bid to stop Mylan Pharmaceuticals, a U.S. drugs company, from marketing the drug on the grounda that it had infringed patents. Back Page; Beecham beart drug tests, Page 4

CITY PANEL on Takeovers and Mergers decided against applying for statutory backing offered by the Government in the financial services White Paper. A consultative document from the Trade and Industry Department discusses conditions for exempting members of professions from the need for authorisation under new investor protection legislation. Page 4; Sir Kenneth Berrill interview, Page 9

LEADING EQUITIES repeated Thursday's lacklustre performance, with trading hit by interest rate concerns. After



being 2.2 down at 11 am, tha FT ordinary share index closed 2.6 up on the day at 935.4 for a gain of 9.4 on the week. Page 14

FINANCIAL institutions sharply increased their investment in overseas equities to a record £1.17bn in the first quarter of the year compared with only £46m in the whole of last year. Page 4

BRAZIL led a small group of developing countries in stalling attempts by the U.S. and other industrialised countries to organise new international trade negotiations. Back Page

ARGENTINA sent economic targets to the International Monetary Fund even toughec those those agreed with the IMF last month. The fund is expected to approve them on August 9. Back Page

PRESIDENT REAGAN named Federal Trade Commission chairman Mr James Miller as his budget director, replacing Mr David Stockman.

GOLDCREST FILMS chief executive Mr Jamea Lea resigned from the Oscar winning British independent film company.

BOND CORPORATION Holdings of Australia is to bid A$500m (£253m) for a half share in Castlemaine Tooheys, the number two Australian brewer which is 25 per cent owned by Allied Lyons of the UK. Back Page and Lex

Italian lira expected to be devalued today

BY OUR FOREIGN AND FINANCIAL STAFF

THE Italian lire is expected to be devalned within the European monetary system today after the Government in Rome yesterday formally requested a meeting of EEC Finance Ministers to discuss a realignment of parities.

The Government announced its intention after an inner Cabinet meeting following one of the most turbulent days of trading in the history of Italy's foreign exchange market.

The Italian Treasury shut down foreign exchange markets 40 minutes before closing time yesterday afternoon when the Italian currency had lost 20 per cent of its value against the U.S. dollar.

The lira shot yesterday from L1,839 to the dollar to L2,200 against the U.S. currency. It was quoted at L2,300 to the dollar in after-hours unofficial trading.

The atmosphere in Milan was one of confusion and near-panic among stockbrokers and foreign exchange dealers.

At first it seemed that the dramatic crash of the lira against the dollar was the result of an oversized order for dollars by a major Italian bank.

This explanation faded when reports began circulating of a major dollar-buying operation in Rome which some dealers claimed was the result of a leak from the Government about an impending devaluation.

Other explanations for the turmoil offered by dealers were changes in Italian banking regulations on Thursday which boosted the banks' requirements for dollars. Some thought it possible that it had all been created by the Italian Government to force other EMS member-states into accepting a devaluation.

It was not clear last night whether the Finance Ministers would focus today exclusively on the lira or whether other countries might seize the opportunity to seek a broader realignment.

Opinion was divided in Paris last night as to whether the French Government would seek a relatively undramatic downward adjustment of the franc against the D-mark.

French officials have reaffirmed this week that they see no reason for devalnation against the D-mark.

Some economists contend however that the franc's recent strength in the EMS, added to the cumulative effect of the gap between French and West German inflation rates since the last realignment in March 1983, has been damaging export competitiveness.

On the other hand a French decision to keep the franc parity against the D-mark unchanged, or at least make only a minor adjustment, would be favourably construed by the financial markets as a sign that

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Money Markets, Page 13

Commons will debate top pay

BY IVOR OWEN AND DAVID BRINDLE

SENIOR MINISTERS, shaken by an all-party attack in the Commons yesterday in the row over the top salaries review, face a further grilling in a full-scale debate on Tuesday.

Commons procedures forced the Government's business managers to concede the debate on an Order to authorise an £11,000 salary increase for Lord Hailsham, the Lord Chancellor.

Criticism over the big salary rises for top civil servants, senior armed forces officers and the judiciary has been widespread. The awards average 12.2 to 17.6 per cent in a full year.

In the Commons, protests were led by Mr Roy Hattersley, the Labour Party deputy leader, who said the Government had "one rule for the rich and another rule for the rest."

More worrying for Ministers was this attack being taken up, in modified form, by Conservative backbenchers. Sir Peter Emery, a former junior minister, warned that the scale of the awards was "pushing the loyalty of many Conservatives in the constituencies a very long way."

Critics were further incensed when Mr Peter Rees, Chief Secretary to the Treasury, appeared in place of Mrs Margaret Thatcher to answer an emergency question which Mr Hattersley bad tabled to the Prime Minister.

Mr Rees, who explained that she was meeting King Hussein of Jordan at the time, defended the salary awards on the grounds that there was an open and international market for talent.

Ministers had been hoping that the controversy would subside over the weekend. However, the requirement to make an Order for the Lord Chancellor's salary increase has obliged them to agree to the debate on Tuesday.

Sir Terence Beckett, the CBI director-general, said: "We believe that people in demanding jobs should be properly rewarded. But, with pay such a sensitive issue, we are surprised at the timing of this award."

The attacks came amid the following developments yesterday:

- It was confirmed that 140,000 police officers are due to be offered a 7.5 per cent pay increase in talks to start on Tuesday.
- A conference of education authority employers voted 55—3 to express "gravest concern" at the top salary awards, at a time when 440,000 teachers are being pressed to accept a 6 per cent rise.
- Leaders of 500,000 civil servants met Treasury officials to warn that they expected a pay offer comparable with their superiors' awards.

Lord Hailsham, who is eligible for a salary of £66,000, is due for an £11,000 rise from next March, partially because of comparability with Lord Lane, the Lord Chief Justice, who will receive £75,000 as a result of the top salaries review.

At present, Lord Hailsham draws only £39,980 of his entitlement and it is understood that he intends to draw £41,855 next year, regardless of the overall increase, if he remains on the Woolsack.

The Government's hard line on public sector pay, already undermined by the top salaries review, will be further exposed by the 7.5 per cent rise due to the police under their index-linked formula.

The rise is tied to the underlying increase in average earnings in the year to May, details of which were published this week. But for a change in the formula last year, the police would have been eligible for 8.5 per cent.

Editorial Comment, Page 8

Tighter bank controls proposed

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE Bank of England yesterday proposed new powers to control the activities of UK banks in the wake of the Johnson Matthey Bankers affair. They include changes to the 1979 Banking Act and the introduction of tighter limits on lending to related borrowers—the cause of JMB's near collapse last September with losses of £248m.

In two consultative documents sent to bankers yesterday, the Bank is acting on the recommendations of the joint Treasury-Bank of England Committee which reported last month on UK banking supervision.

The Bank is seeking comment by September 13 so that a White Papec can be issued in late autumn, and new legislation brought before the 1986-87 parliamentary session.

One paper proposes ways to prevent banks taking on excessive risks through large exposures.

The Bank wants banks to report all exposures equivalent to more than 10 per cent of their capital, with an upper limit of 25 per cent in most cases. Banks taking on big risks could lose their licences.

These large exposures might be to individual borrowers or groups of related borrowers which were essentially the same credit risk. The Bank would not limit banks' exposure to particular countries or economic sectors, but would examine any exposures that went above 10 per cent.

Measures to control banking, Page 4
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The other paper proposes changes to existing bank legislation. These include:

- Abolition of the two-tier system of recognised banks and licensed deposit-takers created by the 1979 Act. This means all deposit-takers would be allowed to call themselves banks, but they would all have to have minimum net assets of £1m compared with the £250,000 currently required of licensed deposit-takers.
- Greater powers for the Bank to require information from banks, and greater freedom for the Bank to pass that information on to government departments, excluding the Inland Revenue.
- Changes to the definition of "deposit-taking" to make it easier, for example, for UK companies to raise short-term funds more frequently in the financial markets.
- Improvements in the appeals procedure against decisions by the Bank, and a strengthening of the Deposit Protection Scheme.

The Bank will shortly put out a third paper with proposals on how to involve bank auditors more fully in the process of supervising banks and ensuring a good and timely flow of information.

The Bank's approach marks a significantly tougher line on banking supervision. But it aims to preserve some of the flexibility of the Bank's traditional style and deliberately falls short of the system of close inspection operated in some countries like the U.S.

UK banks may seek to modify the proposals, but are generally expected to support them as necessary for a sound banking system.

Christie's chairman resigns

BY ANTONY THORNCROFT

MR DAVID BATHURST has given up the chairmanship of Christie's, the art auctioneers, in London following the disclosure that in 1981 he misrepresented the results of an important sale of Impressionist pictures in New York.

Mr Bathurst said that three paintings had been sold when only one bad found a buyer. He said he was anxious to maintain confidence in the art market and to give the impression that Christie's was the equal of its competitor, Sotbeby's, in selling valuable picturea in New York.

Mr Bathurst has also resigned from the board of Christie's International, but he will remain a director of the saleroom's London operation.

The new chairman of Christie's in London will be Mr Jo Floyd, who beld tho post for 12 years until January 1, when he was succeeded by Mr Bathurst. Mr Floyd will continue as chairman of Christie's International.

The misrepresentation came to light when Cristallina, a Swiss art dealership, took Christie's to court in New York, alleging negligence in the handling of an auction of eight Impressionist pictures, of which only one was sold.

The case was dismissed, but the New York Consumer Affairs Department subsequently announced that it would investigate the affairs of Christie's because of its conduct over the announcement

Christie's said yesterday that it had reached a settlement with the Consumer Affairs Department. Under this, Mr Bathurst had voluntarily surrended his New York auctioneer's licence and Christie's bad made an $80,000 (£57,000) payment of settlement costs. In addition Mr Christopher Burge, the president of Christie's in New York, had agreed to a voluntary suspension of bis licence in New York.

Mr Guy Hannen, deputy chairman of Christie's International, has become chairman in New York. Like Mr Floyd, he is in his early sixties.

The return of two respected Christie's figures to executive control is designed to reassure clients. The saleroom was in danger of losing important properties, particularly in New York, which has overtaken London as the centre of the international art market.

Mr Bathurst's resignation became inevitable once the Consumer Affairs Department took an interest in Christie's New York affairs. It would have been impossible to secure the sale of major works of art if there were any doubts about Christie's licence to act as an auctioneer in New York.

WEEKEND FT

HEALTH HYDROS

Where the person of the body beautiful is less a matter of stringent dieting than of luxurious self-indulgence

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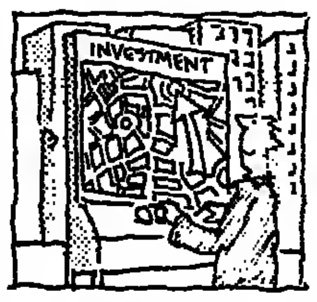

FINANCE

Where to put your money: you pay basic rate tax

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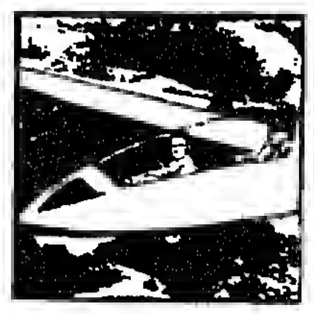

IN THE CLOUDS

A beginner's guide to gliding

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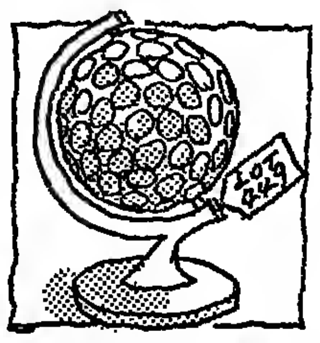

SALEROOM

British Open week provides a lead-in for a sale that will appeal to golf enthusiasts

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MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime: $1.3930
DM 2.8885	London: $1.3990 (1.4045)
FFr 8.8250	DM 4.04 (4.04)
SwFr 2.3735	FFr 12.2750 (12.23)
Y238.7	SwFr 3.3200 (3.3350)
London:	Y333.50 (335.0)
DM 2.8865 (2.8720)	Sterling Index 84.1 (83.9)
FFr 8.7750 (8.7125)	**LONDON MONEY**
SwFr 2.3775 (2.3675)	3-month interbank:
Y238.60 (238.20)	closing rate 11⅜% (11⅞)
Dollar Index 138.5 (137.8)	3-month eligible bills:
Tokyo close Y238.43	buying rate 11⅜% (11½)
U.S. LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 7⅝%	FT Ord 935.4 (+2.6)
3-month Treasury Bills: 7.15%	FT-A All Share 603.26 (+0.2%)
Long Bond: 106⅞	FT-SE 100 1252.5 (+3.9)
yield: 10.54	FT-A long gilt yield index:
GOLD	High coupon 10.21 (10.17)
New York: Comex August latest $318.2	New York lunchtime:
London: $318.25 ($320.25)	Ind Av 1357.86 (+8.94)
	Tokyo:
	Nikkei Dow 12,788.54 (−64.00)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.50; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.50; Portugal Esc 90; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 30p; Malta 30c.

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U.S. set to ease car fuel curbs

BY PAUL TAYLOR IN NEW YORK

GENERAL MOTORS and Ford, the two largest U.S. carmakers, appear to have won a fierce lobbying battle to persuade the Reagan Administration to relax tough and controversial federal motor fuel economy standards first imposed by Congress in 1975 in an effort to conserve oil.

The proposal to reduce the mandated 1986 model year standard to an average of 26 miles per gallon from 27.5 miles per gallon, was announced by the U.S. Transport Department.

The move was warmly welcomed by Ford and, more cautiously by GM, which might have faced fines totalling over $500m (£352m) without the change.

The liberalisation of the standard, if made final after public comment, appears to clear the way for the two automakers to sell more large fuel-hungry cars next year.

Reacting to the proposal Ford said it represented a "common-sense victory" for consumers while GM expressed concern that the relaxation—subject to review again later to consider whether it should be extended past next year—"covers to short a period."

The action was roundly attacked by conservation groups and Chrysler. Mr Lee Iacocca, the number three carmaker's outspoken chairman, described the action as "dialing the law back" to the "wasteful ways of the 1960s." Chrysler, which nearly went bankrupt retooling to meet the fuel standards, is much more dependent than its two larger rivals on smaller, more fuel efficient, car sales.

GM and Ford, together with several European car makers, had lobbied fiercely to persuade the Administration to roll-back the standard for at least three years. It applies to a manufacturer's range of cars rather than individual models. Since the fuel efficiency standard was first imposed it has risen each year reaching the targeted 27.5 mpg fo rthe first time this year.

The National Highway Traffic Safety Administration, the section of the Transport Department responsible for administering the fuel economy programme, supported GM and Ford's pleas arguing that the two automakers had made "substantial good faith" efforts to meet the standard.

Since the fuel economy standards were introduced the average fuel consumption of cars in the U.S. has risen from 15 mpg to 25.7 mpg, according to government figures. In addition the Commerce Department estimates keeping the current standard could put 110,000 jobs at risk in the U.S.

To date most carmakers have managed to escape fines for failing to meet the standards by using credits. However these credits are *now largely* exhausted.

Brazil car maker launches $80m project

BY ANDREW WHITLEY IN RIO DE JANEIRO

A PRIVATE Brazilian vehicle manufacturer, Gurgel, has launched an audacious $80m (£57m) project to capture the potentially huge Brazilian market for a low-priced, popular car.

With the aid of a Citroen 650cc engine — used in the "deux chevaux" beloved by so many French drivers — Gurgel plans to produce a family of basic cars and pickups of its own design to sell for less than $1,800 — half the cost of today's cheapest car in Brazil, the Volkswagen Beetle.

As a first step towards realising a long-standing dream, Sr Joao Conrado do Amaral Gurgel, founder and president of the modest-sized company, signed a letter of intent with Citroen earlier this month for the manufacturing rights on a *two-cylinder engine* of up to 650 cc.

A maverick and visionary combined, Sr Gurgel believes that what Brazil needs most is not the relatively expensive "world class" cars produced here by the multinationals, but a new Ford Model T—which be is now to make.

The next move is to obtain the Government's formal blessing for the project. This, however, is expected to be merely a formality. Gurgel is seeking *a guarantee* that no competitors will be permitted to set up in Brazil for say, five or six years and that he will be protected from imports.

Gurgel plans to set up a network of small assembly operations around Brazil based on kits manufactured in a "mother factory," rather than basing assembly operations on single sites in Sao Paulo's industrial townships.

The factories will be owned by local businessmen and based near the intended markets.

Production in 1987, the planned first year of manufacturing is estimated at 12,000 units; building to an annual peak of 60,000 by 1992.

Manila defence chief seeks to end treaty with U.S.

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINES' Ministry of Defence recommended the abrogation and renegotiation of the 1983 military bases agreement with the U.S. yesterday, following the U.S. House of Representatives' decision to reduce the compensation package for continued use of large military installations in the country.

The ministry's position was contained in a resolution placed before the national assembly by Mr Juan Ponce Enrile, Defence Minister.

The resolution which was endorsed by 13 other legislators, will be taken up when the assembly resumes sessions next week.

Mr Enrile claimed that the "actions of the House of Representatives constitute a *super-imposition of its judgement* on matters purely internal to the Republic of the Philippines.

Mexico expected to unveil further spending cuts

BY DAVID GARDNER IN MEXICO CITY

THE MEXICAN Government is likely to announce a further round of economic stabilisation measures on Monday which are widely expected to include a new round of public spending cuts.

Details are expected to be revealed at the annual bankers' convention at Guadalajara. As well as *spending cuts*, analysts are expecting measures to stabilise the peso, possibly by increasing the daily rate of depreciation of the controlled rate against the dollar.

In recent weeks, with the oil market softening and heavy speculation against the peso, the Government has cut oil prices for the third time this year, moved to take control of the foreign exchange market, and drastically tightened credit to the private sector by doubling to 90 per cent of deposits the reserve requirements for banks.

Gujarat deal signals end of violence

By K. K. Sharma in New Delhi

THE five-month-long violent agitation against job reservations for the under-privileged castes, which has claimed at least 215 lives and left a trail of destruction all over the western Indian state of *Gujarat, was called off yesterday.*

This followed a settlement between the state government and leaders of the agitation after nine hours of discussions. Mr Amarsinh Chaudhury, the new chief minister of Gujarat, told the state legislature yesterday that the increase in job reservations announced last January would not now be carried out and *a judicial committee* is to review existing reservations.

A fair and comprehensive judicial inquiry will be instituted into all aspects of the violence in the last five months, Mr Chaudhury announced. He expressed the hope that peace would return to Gujarat and educational institutions would reopen. Detained student leaders and others are *to be released.*

The agitation has seriously embarrassed Prime Minister Rajiv Gandhi whose ruling Congress I party won elections in the state in March. Opposition parties allege the outbreak of violence occurred largely because of Congress I promises of higher job reservations for the underprivileged tribes and castes, which make up a majority of *Gujarat's population.*

A fortnight ago Mr Gandhi was forced to accede to opposition demands that Mr Madhavsinh Solanki, the chief minister, be dismissed after *army control of several* Gujarat towns failed to stem the violence.

Mr Gandhi and the state Government faced the task of rehabilitating Gujarat's disrupted economy, which is the centre of India's large textile industry and produces 25 per cent of the country's oil.

South African village funeral set to draw large political rally

BY ANTHONY ROBINSON IN JOHANNESBURG

THE TINY country town of Cradock in the Eastern Cape will today be the focus of what is expected to be the biggest political funeral in this year of unrest as busloads of mourners from across the country *converge* for the funeral of four black community leaders.

The four men, Mr Matthew Goniwe, Mr Fort Calata, Mr Sparrow Nkonte and Mr Sicelo Mhlawuli, were prominent members of the United Democratic Front (UDF), the anti-apartheid umbrella movement.

The best known was Mr Goniwe, a 38-year-old teacher who was the driving force behind the Cradock Residents Association (Cradora) and its associated youth movement.

They were last seen alive on June 27 after leaving a UDF meeting in Port Elizabeth to return by car to Cradock, 170 km away. *Five days* later their burnt out car was found by the side of the road and over the next four days their charred and mutilated bodies were found by police in dense bush beside the road but some way from the car.

UDF officials have stated their belief that the four were murdered by Latin American-style death squads with links to the white authorities. These charges have been vehemently denied by the chief of police and Mr Louis Nel, the deputy minister of foreign affairs.

But the four men have become martyrs in the eyes of the black community and their deaths have been interpreted as part of a wider plot to eliminate charismatic black leaders.

Local police blame the killings on inter-black rivalry between the UDF and the black consciousness Azapo movement which has caused many deaths *in factional fightings.*

This is denied by Cradock residents who claim that Cradora was so successful in uniting the community in its demands for better schools and facilities, that it did not suffer from the rivalry which has blighted the lives of blacks in the larger townships around Port Elizabeth and Uitenhage.

The funeral is expected to be attended by several foreign diplomats and church leaders. Mr Patrick Moberly, the British ambassador, sent a personal message of sympathy to Cradora.

The deaths of the four UDF men and the disappearance of three leaders of the Port Elizabeth Black Civic Association (Pebco) six weeks ago, have exacerbated tension in the Eastern Cape and led to the decision to mount a boycott of white shops in the area. The boycott is facing many white shopkeepers with bankruptcy in an area already depressed by mass layoffs in local industries.

Lt Col Gerrie van Rooyen, the police liaison officer for the Eastern Cape said police intended to take a low profile during today's funeral and "will not interfere with mourners unless, as has happened in the past, groups of mourners break away and attack the homes of policemen and government buildings."

Chinese buy 17 Soviet Tupolev jet airliners

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CHINESE civil airliner buying spree continues, with the latest deal covering 17 Soviet Union Tupolev TU-154M three-engined medium-range jet airliners. The contract for the aircraft was signed in Beijing on Thursday, but no value was put *on the deal.*

The Civil Aviation Administration of China (CAAC), which runs all civil aviation in China, now spent well over $1.bn (£704m) this year on buying foreign airliners.

Apart from the 17 Soviet jets, the 1985 tally so far includes ten British Aerospace 146 four-engined regional jet airliners; 12 Boeing 737-300 twin-engined short-to-medium *range jets; 25 McDonnell Douglas* MD-80 twin-engined short-to-medium range jets; three medium-range twin-engined A-310s from Airbus Industrie; and eight short-range twin-engined Series 360 feeder-liners from Shorts of the UK.

Such a wide diversity of types is only explained in the West by a Chinese desire to spread its favours politically and commercially as widely as possible, as much as a desire to study the different types before committing itself on a more limited number of aircraft types.

The Chinese civil aviation industry is undergoing a major shake-up, folowing sharp criticisms internally of the CAC for poor service and low safety standards.

The airline's management has been reorganised, and a number of reginal airlines, together with a few smaller private airlines, are being set up to break the CAAC's monopoly of domestic routes. The CAC itself will continue to fly international srvices, and will retain a regulatory role.

By Western standards, *Chinese civil* aviation *is still* severely limited. The CAAC in the first half of this year carried only 3.3m passengers. Although this was nearly 50 per cent higher than in the same period last year, it is exceptionally low for a country with such a large population.

Even so, the official New China News Agency says that air services on some major internal routes are still *severely strained.*

Israeli wage talks fail

BY LYNNE RICHARDSON IN TEL AVIV

DELEGATES representing workers in the public sector walked out of talks with the Government yesterday, again putting the country on the brink of a strike wave, which was narrowly averted less than a week ago.

A general strike called for last Tuesday was cancelled at the last minute when the Histadrut, the trades union federation, agreed to the Government's offer of wage compensation for workers in the private sector. The unions insisted the agreement applied to the public sector also, but that further discussions would take place regarding dismissals and pay scales.

Treasury delegates to the talks said the Government was only prepared to pay public sector workers 11 per cent wage compensation as opposed to the private sector's 14 per cent. The Government insisted also on dismisals of about 3 per cent of the public workforce.

Union leaders said they were *especially angered that* Mr Yitzhak Moda'i, the Finance Minister, had implied, that 25 per cent of the country's civil servants were superfluous. Union leaders are calling for his resignation.

OAU warned of dangers of collapsing economies

BY OUR FOREIGN STAFF

DIRE WARNINGS of economic collapse and calls for debt relief dominated proceedings of the twenty-first summit of the Organisation of African Unity (OAU) yesterday in Addis Ababa. It is the first summit to be preoccupied with the continent's economic woes.

Mr Peter Onu, the interim Secretary-General of the OAU said it was vital that Africa not only agreed on an economic recovery plan but also carried it out. "If we fail to agree to implement what we have freely designed for ourselves we would have condemned this continent to a further indeterminate period of economic servitude and bondage."

Mr Edward Saouma, the Director-General of the Food and Agriculture Organisation of the United Nations (FAO) called on creditors to cancel at least part of Africa's multi-billion dollar foreign debt.

Mr Saouma said there was a precedent for such a move. He claimed that in 1978 17 creditor nations forgave $3.5bn (£2.46bn) in loans to 58 debtor nations.

The OAU has been told that the foreign debt of its 50 members will exceed $170bn by the end of this year. The African states are paying more than $20bn a year in debt servicing. Last year a quarter of Africa's export revenues went to pay interest on debt.

The FAO director said he did not believe African and Latin American countries would *even be able to repay their* current debts.

Mr Saouma proposed an "international" African solidarity fund to assist long-term development.

A resolution to be adopted in the next two days by the OAU will acknowledge that agriculture, which is the dominant sector, has rapidly deteriorated. A documant framing the resolution states that 150m people face food shortages. Ten years ago, it says, the continent *was* self-sufficient in food.

Earlier in the summit, President Julius Nyerere of Tanzania appealed for solidarity among the debt-ridden and drought-stricken countries of the continent. He also called for an end to oppression by some African states of their own peoples and of neighbouring states. This had left the continent with 5m refugees.

Hussein in peace plan talks with Thatcher

King Hussein of Jordan discussed his plan for talks between a joint Jordanian-Palestinian delegation and Israel with Mrs Margaret Thatcher, the British Prime Minister, in London yesterday, Our Foreign Staff report.

Britain, like the U.S. is understood to have been given a list of proposed names of members of the joint group, which, if its members prove acceptable to Washington, could meet Mr Richard Murphy, U.S. Assistant Secretary of State for Near Eastern Affairs, later this year.

Israel has already rejected the delegation named by Mr Yasser Arafat, the Palestinian Liberation Organisation (PLO) leader, because it claims the list of delegates is "too PLO coloured." The U.S. however, has rebuked Israel for calling on Washington not to meet the delegation stressing that, though Washington will consult its "friends in the region," the U.S. would not accept a veto over its own decisions.

Singapore setback

Singapore's economic growth will slow to between 3 and 5 per cent in 1985, the weakest performance in the past 10 years, the U.S. embassy in Singapore reported to Reuter's.

In its "Economic Trends" report on Singapore, the embassy said that barring shocks in the world economy, average annual growth in Singapore's Gross Domestic Product (GDP) for the rest of the decade is expected to range from 5 to 7 per cent. Singapore GDP grew by 8.2 per cent last year, compared with 7.9 per cent in 1983.

S. Africa reshuffle

Dr Gerhard de Kock, the highly respected Governor of the South African Reserve Bank has been confirmed in office for another five years in a surprise reshuffle, Anthony Robinson writes from Johannesburg.

Mr Chris Stals, Dr de Kock's deputy, has been promoted to replace Mr Joop de Loor as head of Treasury. Mr Stals had been widely tippd as the logical successor to Dr de Kock. The move, announced by Mr Barend Du Plessis, the Minister of Finance, means Professor Jan Lombard of Pretoria University becomes deputy governor of the Bank. Mr de Loor becomes auditor general.

Martial law ends

Martial law was due to end last night in six Turkish provinces including the capital of Ankara and Izmir, Turkey's third largest city, Associated Press reports from Ankara.

Martial law remains in force in Istanbul, Turkey's largest city and in 16 eastern provinces where there have been confrontations between Kurdish *rebels and security forces.* The military government which ceased power in 1980 extended martial law to the entire country. With tha return to civilian rule in November 1983, parliament started to phase out the measure.

Air strike in Spain

Spain's air traffic controllers were due to begin a series of peak holiday season strikes at *midnight*, but officials said foreign tourism would be virtually unaffected, Reuter reports from Madrid.

A decree on minimum service will be a guarantee all charter flights, overflights and up to 80 per cent of all other international flights until the weekend strikes end on August 31, Sr Manuel Medero, the civil aviation director said.

The effect on tourism which accounts for some 10 per cent of Spain's gross national product, would be minimal because charters account for 90 per cent of weekend flights.

Commander named

The Soviet Union has named General Pyetr Lushev as the new commander of its 400,000-strong forces in East Germany, the official news agency ADN announced yesterday, Reuter reports from East Berlin.

Gen Lushev succeeds General Mikhail Zaitsev, removed from the post last week in what Western experts have seen as a wide-ranging shake-up of the Soviet military command.

ADN gave no further details on Gen Lushev's appointment and did not say what post he had occupied before his transfer to East Germany.

Gen Zaitsev, a powerful figure *long seen as a potential supreme* commander of the Warsaw Pact, has not so far been named for

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Fears grow over Austrian wine chemical content

BY RUPERT CORNWELL IN BONN

AUSTRIA'S wine scandal deepened yesterday as the Vienna authorities reported the discovery of small quantities of wine possibly lethal doses of the artificial sweetener Diethylene Glycol, better known for its use as a car anti-freeze.

The doctored wine which has now been found in half bottle measures contains 16 grammes pre litre of diethylene glycol compared with a potentially lethal minimum of 14 grammes. The Health Minstry in West Germany, traditionally the largest export market for Austrian wines, has said that daily consumption of wine with only 0.03 to 0.06 grammes could cause problems.

Thus far the West German authorities have discovered a maximum concentration of only 10 grammes per litre. On Thursday the Bonn Government published a list of 82 brands of Austrian wine in which the toxic chemical additive had been found.

Despite the limitation of the scandal to sweet wines, even dry Austrian vintages have been affected. In many German centres, ranging from Kiel in the North to Munich in the South, all Austrian wine has been withdrawn from sale, while export orders have been cancelled by West German shippers.

In Washington, the U.S. government has ordered wine importers and wholesalers to stop selling Austrian wines until they have been tested.

The Bureau of Alcohol, Tobacco and Firearms issued the order yesterday after traces of diethyleneglycol were found in three Austrian wines sold in the U.S. and Canada.

The wine trade in West Germany, already reporting a drop in overall business, has warned against "hysteria" on the part of the public, even though tests have shown that no German wines contain diethylene glycol.

In the meantime the Food and Agriculture Committee of the Bundestag will hold an emergency session next Friday to examine the affair. More than 1m litres of suspect Austrian wine have been confiscated so far in West Germany, and in Austria itself more than 20 growers have been charged with adding illegally the chemical to their products to enhance its taste.

Barzel facing tax probe

By Our Bonn Correspondent

THE long-running Flick affair reared its head again yesterday when the Bonn Public Prosecutors' office announced the opening of a formal investigation against Herr Rainer Barzel, the former president or "speaker" of the Bundestag, on the grounds of possible tax evasion.

The probe centres on Herr Barzel's employment as a consultant in the 1970s by the Frankfurt law firm of Albert Paul, whose clients included the industrial conglommerale Flick. The prosecutors declined to give further details of the inquiry last night.

Herr Barzel received DM 1.7m (£425,000) for consultancy work from the practice during the period—as it happened a sum similar to fees paid into the firm by Flick.

Although he adamantly denied that the separate dealings amounted to a disguised form of payment to him by Flick, Herr Barzel was obliged to resign as Bundestag speaker last October, when details of the affair emerged.

In August, the trial opens of Count Otto Lambsdorff and Herr Hans Friderichs, two former economics ministers, who face charges of taking bribes from Flick.

Patrick Cockburn looks at Soviet wheat harvest prospects

Grains of hope in Kazakhstan

THE GRAIN crop in the northern plains of the central Asian republic of Kazakhstan had reached a critical stage last week. A year ago a prolonged drought here led to a poor harvest and helped push Soviet grain imports up to 53m tons at a cost of $8bn (£5.8bn).

The vast open fields which stretch to the horizon have received limited rain since the middle of June. As a result, the U.S. Department of Agriculture has lowered its estimate of Soviet grain production for this year by 5m tons to 190m tons.

"This is a vital month for us," said Mr Mehlis Soleiman, an agricultural specialist. He expects Kazakhstan to produce an average crop of about 27m tons this year, well above the 21m tons grown in 1984.

The steppelands of Kazakhstan, an area four times the size of Texas stretching from the Caspian Sea to the Chinese border, have never quite come up to expectations. They were first ploughed in the 1950s in the so-called "virgin lands" campaign started by Mr Nikita Krushchev, the former Soviet leader, in an attempt to produce a great leap forward in Soviet grain output.

Train loads of temporary and permanent immigrants from the European parts of the Soviet Union were exhorted to plough up 25m hectares (62m acres) of grassland formerly grazed by

the cattle and horses of the Kazakh nomads. Mr Krushchev hoped that the new lands would be the country's granary, akin to the American mid-West.

At first the sod-breaking campaign produced impressive output, but variable weather, lack of fertilisers and the need for specialised machinery have led to disappointing results since 1976.

The problem is that the southern steppes of the Soviet Union receive overall only two-thirds of the rainfall needed to grow wheat. They are regularly ravaged by drought which, in the words of one specialist: "occurs one year in 10 in the wooded steppes of the Ukraine, one in three or four in the Volga provinces, one in every two in Kazakhstan."

Every year, farmers around the city of Tselinograd, the region's administrative centre, as well as the planners in Moscow wait to see if sufficient rain will fall. It can do so with spectacular violence. Driving back from a state farm three hours from Tselinograd last week the rolling black clouds opened to produce a sudden rain storm, illuminated by forked lightning, which turned the dirt track road into a brown stream.

Scientists at the Grain Institute in Shortandy have produced high-yielding grains and specialised machinery geared to the needs of the region. Conservation tillage with special ploughs has reduced soil erosion and many fields are now kept fallow.

Mr A. Barayev, the present head of the institute was dismissed by Mr Krushchev in 1964 for arguing that fallow and conservation were essential in the region. The change in the leadership that year saved him, but even the scientific farming methods the institute has developed are slow to show results.

North Kazakhstan remains highly vulnerable to drought. According to one economist: "It suffers from a short growing season, and the winter snow cover is insufficient to permit autumn sowing as frost would kill the plant."

New technology helps productivity: in winter ploughs now heap snow into ridges to ensure that the seeds get more moisture in the early spring. The melting snow would otherwise flow into the numerous gullies and streams without penetrating the frozen ground. More fertiliser is also needed. Arable land in Kazakhstan receives 18 kilos of active ingredient of fertiliser per hectare, only a third of what is needed according to foreign agricultural experts.

Kazakhstan planners are confident that agricultural productivity can be raised with more machinery and fertiliser. This is true, though the capital investment needed may be high. Certainly the hopes that spectacular results in raising agricultural output at low cost could be quickly achieved were dashed long ago.

THE SOVIET UNION is willing to renew diplomatic relations and permit unrestricted Jewish emigration in exchange for at least partial Israeli withdrawal from the Golan Heights and an end to anti-Soviet propaganda, Israel radio reported on Friday, AP reports from Israel.

The radio said Mr Yoli Vorontsov, the Soviet Ambassador to France, told Mr Ovadia Sofer, Israel's Ambassador in Paris, this week that the Soviets expected Israel to make some move on the Golan Heights.

Italian dam toll may reach 200

UP TO 200 people were feared dead yesterday when a dam burst in northern Italy, sweeping away three hotels and between 10 and 20 homes, officials said. Reuter reports from Stava, Italy.

The Civil Protection Ministry in Rome said between 150 and 200 people were thought to have died when water and mud engulfed part of Stava in the Dolomite mountains.

Three hotels were swept away after 250,000 cubic metres of water escaped from the Stava torrent in 20 seconds.

Initial reports had said 150,000 cubic metres of water poured through the broken earthwork dam.

Eyewitnesses said a 4 km river of mud and debris covered the floor of the Fiemme valley in which Stava lies.

Sr Giuseppe Zamberletti, Civil Protection Minister, flew to Stava from Rome yesterday.

Hundreds of police, firemen and soldiers were drafted in from surrounding areas to help with the rescue operation, searching the devastated area with helicopters and dogs.

Stava is 52 km from Trento and about 65 km from the Austrian border.

Local government officials in Trento said first reports suggested the disaster, which happened about 10.30 pm GMT, had been caused by an embankment on an artificial basin giving way.

Japanese talks with EEC set for October

BY QUENTIN PEEL IN BRUSSELS

JAPAN and the EEC will hold wide-ranging talks in October on the main causes of trade tension, once officials have analysed the likely impact of the Japanese action programme to boost imports, due to be announced at the end of the month.

The announcement came yesterday after discussions between Mr Yasuhiro Nakasone, the Japanese Prime Minister, and M Jacques Delors, the President of the European Commission in Brussels.

The autumn meeting will discuss not only the long-standing causes of the $10bn-plus (£7bn) trade deficit in EEC trade with Japan, but also progress in liberalising Japan's financial markets, in boosting the role of the yen as a trading currency, and in promoting technological co-operation and investment.

Nakasone: ready for dialogue

The meeting is timed to coincide with what many European officials regard as a crucial period in trade relations, when the latest round of Japanese market-opening efforts will be known, and a weaker dollar will have eased the main cause of the Japanese-U.S. trade imbalance.

Yesterday's talks were described by a Japanese spokesman as "productive and friendly," in spite of increasingly strident warnings from the Ten in recent weeks over the need for tougher measures against the trade imbalance.

A key aim from the European side was to seek quantitative targets from Japan for increasing imports of manufactured goods and processed agricultural products. M Delors said he wanted a Japanese commitment to a specific increase in the percentage of such imports in comparison with Japanese output.

However, Japanese officials said they were unaware of the particular request having been raised in the talks.

On measures by the Japanese Government to boost the domestic growth rate, Mr Nakasone ruled out increased government spending because of the existing heavy burden of public debt. He was trying to mobilise higher growth in the private sector through deregulation.

M Delors said Japan must understand that the pace of opening up the market must match the European recovery from a prolonged period of industrial structural change. A failure by Japan to appreciate the European demands could deteriorate into "a trade war which nobody wants."

He said the EEC was ready to believe in Mr Nakasone's good faith in seeking to change Japanese habits and open up the market, recognising that the most important trade barriers were invisible, not visible measures like tariffs.

Both men agreed on the need for greater technological co-operation, with the EEC proposing nuclear fusion as a possible area—without Mr Nakasone giving a specific response. The Japanese Premier expressed interest in the European Eureka initiative for research co-operation, and said Japan was prepared to participate if invited.

On the Tokyo economic summit in 1986, the two also agreed for the need to avoid the media events of recent years, and return to the original concept of the meetings being real debates on economic co-operation between the industrialised nations.

Woerner moves to head off Eurofighter plan collapse

BY BRIDGET BLOOM

THE West German Government is at the centre of an 11th hour attempt to prevent the collapse of plans to build a five-nation European fighter aircraft.

Herr Manfred Woerner, the Defence Minister, is understood to be trying to "stitch together" a compromise which would overcome fundamental differences between France and its partners—Britain, Germany, Italy and Spain — over the weight and power and therefore function and performance of the proposed aircraft.

There is little optimism in Bonn or elsewhere that the German attempt will be any more successful in bridging the gap than the five defence ministers and their officials have been over the past few months. However, so much is held to be at stake politically by the five governments that none is yet willing to admit failure.

The $15bn-$20bn (£11bn-£14bn) project would, if it got off the ground, be the biggest collaborative defence effort ever undertaken in Europe.

The existence of the German compromise plan became known when a meeting of the air chiefs Thursday broke up early, with the German delegation returning to Bonn for urgent consultations.

It is understood that the German plan—details of which were not available last night—will be one of the key matters discussed by Herr Genscher, the German Foreign Minister and Sir Geoffrey Howe, his British counterpart when they meet tomorrow in Bonn. West Germany is conducting similar high level consultations with the French Government.

If a political compromise can be reached it is likely to be discussed in detail at the meeting of the five national armament directors scheduled in Madrid on Tuesday. That in turn could lead to a meeting of defence ministers.

Germany has a particular interest in compromise since any alternatives to the five-nation project raise the most delicate political issues.

Behind the scenes France and Britain are already vying for German collaboration in a more limited venture, but the prospect of having to choose between its major allies — or purchase an American fighter—

UK NEWS

Record £1.17bn invested abroad by UK funds

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

FINANCIAL INSTITUTIONS sbarply increased their investment in overseas securities to a record in the first quarter of the year, according to official figures out yesterday.

The figures showed that the institutions, including pension funds, building societies and investment trusts, pusbed £1.17bn into overseas equities in the period compared with £46m for the whole of last year.

The outflow was tbe largest recorded in one quarter compared with £2.76bn in 1983 and £3.22bn in 1982.

Since the abolition of exchange controls in 1979, most institutions have tried to diversify their overseas portfolios, hoping to hold about 15 to 20 per cent of their assets abroad.

Tbe outflow of capital was a counterpart to the surpluses earned on the current account of the balance of payments since North Sea oil production started to build up.

Between 1980 and 1984, the total current account surplus was about £18bn. The figures publisbed yesterday show that in those four years investment in overseas securities by the institutions was £12bn with a further £2bn of investment in other overseas financial assets.

Last year, bowever as sterling declined under the influence of the miners' strike and the consequently reduced current account surplus, portfolio investment overseas almost dried up.

It is likely that the institutions made up for lost time in the first quarter of this year after the strike came to an end and sterling's decline was halted by a sharp rise in domestic interest rates.

The figures out yesterday showed that the inflow of funds into the institutions reached a record £9.86bn, nearly 20 per cent more than in the same period a year ago.

Deposits with building societies were down to £2.47bn compared with an average quarterly inflow of £3.6bn last year and £2.9bn in 1983.

However bank borrowing rose sharply to £3.71bn compared with an average quarterly figure of £1.5bn last year. Tbis is thought to have been associated with a surge of leasing activity as companies took advantage of the higher capital allowances available until the end of tbe last financial year.

On the basis of the institutional investment figures available, the Central Statistical Office says that total UK portfolio investment overseas is estimated to have been £4.9bn in the first quarter, £700m more than first estimated.

This new figure is more tban half the total overseas portfolio investment in 1984 and compares with a total of £6.2bn in each of the two years 1982 and 1983.

Daimler-Benz attacks EEC car pollution pact

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A SCATHING attack on the compromise agreement on car exhaust pollution recently agreed hy the European Community was made yesterday hy Herr Hans-Jurgen Hinriehs, sales director of Daimler-Benz, the Mercedes group.

He said Europe bad missed a great chance to take a common stand.

Herr Hinrichs was speaking at the formal opening of a new headquarters and parts centre for his company's UK subsidiary at Milton Keynes, Bucks. The centre was built but never occupied by General Motors and Mercedes-Benz (UK) has spent £15m on buying and accepting the complex.

Herr Hinrichs stressed that his company supported steps to further reduce air pollution from vehicles but insisted that "an effective and calculable legal framework on a European level is required if real progress is to be made in this field.

"Tbe half-hearted compromise which the European Community has now reacbed is envirotmentally unsatisfactory. In our view, a great European cbance has been missed to reach political agrcement in such an important question as air pollution control. If political unity could have been demonstrated in this vital area it might well have set a signal for otber fields and could have strengthened the industrial performance of the community in relation to the U.S. and Japan," be said.

"If we as Europeans are willing to see and accept the potential advantages of a united European market there is little reason to share the fasbionable Europessimism," he said. In addition, the European automotive industry should not permit otbers to take advantage of its disunity. Firm competition from some parts around the world ought to be an inducement to common agreement in fundamental areas.

Mercedes-Benz (UK) lost about a third of its employees, mainly married women and warehouse staff, because of the move of about 40 miles from six premises scattered around north London to the Milton Keynes complex.

The latest accounts to be filed by the UK subsidiary, for 1983, show an extraordinary charge of £3.6m before tax to cover the cost of the move. There was a 75 per cent fall in net profit that year from £5.8m in 1982 to £1.5m.

Peacock advisers named

BY RAYMOND SNODDY

THE PEACOCK committee, which is looking into the possibility of the BBC taking advertising, has appointed National Economic Research Associates to look at the economic feasibility of the idea.

The UK subsidiary of NERA, a U.S. consultancy which has specialised in issues of deregulation and competition, has been asked to look at how ITV would be affected financially if the BBC were to take advertising.

Mr Dermot Glynn, managing director of NERA (UK) said yesterday: "We will be looking at what the response is going to be of advertisers if there were an increase in the available supply of advertising time and what the consequences would be for the media."

Until receotly Mr Glynn was chief economist at Peat Marwick, Mitchell, the consultancy firm, and was involved in the Peat Marwick study of the BBC called for by Mr Leon Brittan, the Home Secretary.

Japan denies blocking Kleinwort

By Our Financial Staff

JAPAN'S Ministry of Finance yesterday denied that it had blocked an application by Kleinwort Benson for a securities licence in Tokyo, so as to put pressure on tha Bank of England to grant banking licences to Japanese securities houses in London.

The ministry's Securities Bureau said it is still screening the merchant bank's application and is not yet ready to indicate the outcome. It said that applications usually take six to 12 months to process. Kleinwort Benson lodged its application at the end of last year.

Kleinwort Benson maintains, however, that it applied early in 1984, and that it was told in May that approval was imminent. Since then, the Japanese anthorities made an unsuccessful attempt, during talks in London, to obtain UK banking licences for tbeir securities firms. This was refused by the Bank of England on the ground that they are not banks.

● It was made clear yesterday tbat Kleinwort Benson has applied for a securities licence in Japan, and not a banking licence as incorrectly stated in the Financial Times yesterday.

Restriction of exchange risk scheme

By Robert Vincent

CHANGES TO the excbange risk guarantee scbeme, to make it more cost-effective, were annonnced yesterday.

Tbe move follows a sbarp increase in the net cost of the scbeme, from £6.8m in the 1983 financial year to £23.8m last year. The increase largely reflects fluctuations of sterling against the U.S. dollar.

The scbeme, introdnced in 1978, provides exchange risk cover for specific foreign currency horrowings by private companies in assisted areas.

It covers horrowing by sucb companies from the European Investment Bank and by companies in coal and steel closure areas from the European Coal and Steel Community.

● Exchange risk cover will no longer he available on loans provided by the EIB;

● Cover for loans from the ECSC will be limited to a maximum of £500,000 for each supported project. So the emphasis will be on smaller companies with fewer alternative sources of finance:

● The sterling interest rate for ECSC finance with cover will be increased from 3 per cent less than the broadly commercial rate, now 12¼ per cent, to 2 per cent less, subject to a minimum preminm of 1 per cent ebarged.

The alterations, the result of a review announced by the minister in March, took effect on Tbursday.

British Petroleum board reshuffle

AS PART of the board-level reshuffle at British Petroleum reported in yesterday's Financial Times, Mr Robert Malpas will take regional responsibility for tbe UK and Ireland. Mr Malpas also remains responsible for research and development, engineering and BP's technical activities.

DTI CONSULTATIVE DOCUMENT

Investor law exemption for professionals detailed

BY BARRY RILEY

THE CONDITIONS for exempting members of professions from the need for authorisation under investor protection legislation are discussed in a consultative document from the Department of Trade and Industry.

Those particularly concarned are accountants, solicitors and actuaries who frequently engage in investment business as a subordinate part of their professional work.

The White Paper on financial services published last January provided that all tbose engaged in the investment markets or selling of savings products would have to be authorised by two proposed bodies, the Securities and Investments Board and the Marketing of Investments Board.

But it also provided that there should be power to exempt members of "designated" professional bodies from the need to seek snch authorisation.

It laid down certain conditions:

● Tbe professional body must already be recognised for the purposes of other statutes.

● It must maintain and enforce professional standards offering protection for investors equivalent to that of the main regime.

● A firm's investment business must not amount to a "significant" part of its overall activities.

Last month the English and Scottisb institutes of chartered accountants responded by sending questionnaires to a sample of member firms and sole practitioners to request confidential information on the extent of their involvement in investment business.

Last Wednesday the chartered accountants held preliminary discussions with the SIB.

The consultative document explains that to require all members of professional bodies who occasionally undertake investment business either to obtain direct authorisation or to become a member of a self-regulating organisation would greatly increase the numbers subject to the main regulations.

It would also impose unnecessary costs if a satisfactory alternative can be found. The Govcroment's proposals are designed to provide an alternative regime for members of tbose professional bodies which can adequately regulate such investment business as their members usually undertake in connection with their other professional duties.

It adds that designation will require an extension of the professional body's role in ragulating the investment business aspects of the activities undertaken by its members. For example there will need to be detailed rules for the conduct of investment business and arrangements for monitoring and enforcing compliance with tbosa rules. Designation will be granted to professional bodies only if the regulation of any investment business undertaken by their mambers provides an adequate standard of investor protection. There will also need to be compensation provisions and requirements for segregating clients' assets equivalent to those in the main regime.

Two approaches are suggested to the question of defining what constitutes a "significant" part of a firm's business. One is that a limit could be defined in the legislation or the instrument of designation. Tbe other is that it conld be left to each professional body to define a limit within its own rules. This approach is seen as more flexible and with certain advantages.

There is discussion of wbether the exemption should apply to all members, or perhaps only to those with a special "investment business" certificate."

The Government considers that there should be lay representation on designated professional bodies, and would welcome views on how this could be done.

Comments on the paper sbould be submitted before *September 13.*

Finnncinl Services Legislation: Treatment of Members of Certain Professions. Available from Miss L. J. Farbrother, Department of Trade and Industry, Room 339, Sanctuary Buildings, 16-20 Great Smith Street, London SW1P, 3DB. (Tel: 01-215 3552.)

Gower welcomes investor protection plans

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S plans to protect investors have baen welcomed by Professor Jim Gower, an adviser to the Department of Trade and Industry and architect of many of the reforms being considered.

In a report out yesterday, Prof Gower said the White Paper published in January should provide the best solution in the circumstances provided two conditions were oiet.

The first was that there should be only one body supervising the financial markets rather than the two bodics—one covering investment markets, the other marketing of life assurance—suggested in the White Paper.

"To have two independent but overlapping top bodies would be a fundamental error," Prof Gower said. "Even if a two-headed scheme could be made to work, it would, in my view, be excessively wasteful of financial and human resources."

The second condition for success was that the financial services industry should back the top body with manpower and financial resources.

Prof Cower, consultant research adviser on company law to the *DTI*, was commissioned by the Government in 1981 to study investor protection following a series of scandals and failures among investment companies. In a report published in 1984, he proposed a number of reforms, many of wbich were taken up in the White Paper.

The Government plans to publish a Bill on investor protection this antumn in time for the 1985-86 session.

Prof Gower welcomed the approach of the White Paper but made some criticisms. In the life assurance field an attempt to control commissions paid to intermediaries by means of voluntary disclosure would not work, he said. The Government's ideas required refinement and greater statutory backing, he said.

He was also critical of proposals extending the practice of "cold calling" by intermediaries on professional clients.

"I slocerely hope that even if this suggested extension of 'cold calling' is acceptable to the Government (and is accepted by parliament it will not be acceptable to tbe board and that, in relation to all investments, other than policies or units of authorised insurance companies, unit trusts and open-

Professor Jim Gower: some reservations

coded investment companies, the board will by its code of conduct ban cold calling except to professionals or cstablisbed clients," he said.

Prof Gower regarded as regrettable that White Paper's proposal that although the publishers of tipsheets should be treated as carrying on investment businesses and regulated accordingly, bona fide newspapers and their financial journalists should not require authorisation. Financial journalists could influence share prices through their columns to a greater extent than almost any other advisers, he said.

"I hope that, at the very least, consideration will be given to making it a condition of the exemption that the newspaper concerned satisfies the Secretary of State that it has an effective code of conduct," Prof Gower said.

His report urged the City to ensure that tha necessary resources were available to make the Government's plans work properly.

"These resonrces will need to be more extensive than is implied by disturbing remarks by some City bodies suggesting that they consider that the board will need only a 'small secretariat.'"

Mr Alex Fletcher Minister of Corporate and Consumer Affairs, yesterday welcomed Prof Gower's general endorsement of the White Paper.

"Where he disagrees, his arguments are being carefully considered as we prepare legislation to implement the White Paper's proposals," Mr Fletcher said.

Review of Investor Protection Report: part 2. L. C. B. Gower. SO £3.35.

City panel will stay independent

By Barry Riley

THE CITY PANEL on Takeovers and Mergers has decided after lengthy consideration not to apply for the statutory backing offered by the Government in the White Paper on financial services.

Mr Tim Barker, chief executive of the panel said: "The unanimous view of the full panel is that we are better off as we are."

Sir Kenneth Berrill, chairman of the Securities and Investments Board, under the jurisdiction of which the panel would fall if brought within a statutory framework, endorsed the decision.

Tbough the question has not been formally considered by the board, Sir Kenneth said there was no reason to interfere with "a winning team."

The White Paper last January suggested tbat there would be statutory backing if the practitioners wanted it. Mr Barker said a statutory net would be a "great mistake."

The fear is that reserve powers could put Ministers under pressure in parliament to implement them in sensitive cases, undermining the principle of self-regulation.

The panel's decision moves it back to independent status. For the past few years it has been combined with the Council for the Securities Industry.

Mr Barker said financing of the panel was being considered. It is paid for now by levies on large Stock Exchange transactions.

Guinness bid for debate

By Peter Riddell, Political Editor

THE GOVERNMENT will have to explain in the Commons next week its attitude and behaviour toward the takeover bid for Arthur Bell by Guinness.

Mr Bill Walker, Conservative MP for North Tayside, who has campaigned strongly against the takeover, has won a 30-minute adjournment debate next Thursday on the monitoring by the Government of the bid.

One of the Department of Trade and Industry ministers will reply to the late-night debate.

The department yesterday had not received the report from Sir Gordon Borrie, Director-General of the Office of Fair Trading, on whether the bid should be referred to the Monopolies and Mergers Commission.

Clinical tests promising for Beecham heart drug

BY TONY JACKSON

CLINICAL TRIALS in the U.S. have produced encouraging results for Beecham's new drug against heart attacks, Eminase.

A conference in San Diego this week was told that Eminase, also known as APSAC, successfully dissolved blood clots in 60 per cent of patients within 30 minutes of being administered. Tbe drug bas previously produced similar results in European trials.

The Beecham treatment is one of two forms of treatment being developed to dissolve the blood clots which cause heart attacks. The rival approach, known as tissue plasminogen activator, TPA, is being developed by Genentech of California, the genetic engineering house, and by Sandoz of Switzerland.

Beecham claims that wbereas TPA remains active in the blood only for minutes, and must therefore be regularly infused into the blood stream, Eminase lasts long enough to be used as a "one-sbot" five-minute injection.

A report last week by Dr D. P. de Bono, a researcher from the Royal Infirmary in Edinburgh, said: "It is too early to talk about the 'best' drug.

Both TPA and APSAC bave real advantages. In an emergency, a single APSAC injection may be more attractive than a TPA infusion, and the persistent effect of APSAC may actually be an advantage."

Heart attacks are commonly caused by the formation of clots in the coronary artery. If the clot is not dissolved in a matter of hours, lack of oxygen will destroy the heart muscle.

Mr Keith Mansford, Beecham's head of drugs research, says: "There is a good chance of dissolving a clot if you put a catheter through the vein, and pass the enzyme through. But in practice, that means rushing the patient to a hospital which happens to bave a catheter laboratory.

"What we're working on is a drug wbicb can be put directly into the bloodstream, and could ultimately be carried around by

Tbe market for drugs against beart attacks is potentially very large.

● British drug company Glaxo has received clearance from tbe U.S. Food and Drugs Administration to market ceftazidime, its new antibiotic. Glaxo said the drug should be on the U.S. market by carly August, under the name Fortaz.

Pension fund managers pragmatic on Serps plan

BY ERIC SHORT

A PRACMATIC view of the Government's pension reforms announced last month is being adopted by the Council of the National Association of Pension Funds.

The Green Paper setting out the changes had as its central theme the ending of the State Earnings- Related Pension Scheme and its replacement by a system of personal pensions or compulsory company pension schemes.

In a discussion document on these cbanges put before members of the association yesterday at a London conference, the council states that despite the consultative nature of tbe Green Paper it believes that the Government is irrevocably committed to the introduction of personal pensions.

The tight timescale set by the Government for hringing about the reforms reinforces the council's belief that the Government does not intend this principle to be open for debate.

The document adds that the ending of Serps was inevitable.

Thus the council now states publicly that the Government's consultative process on its process on its pension reforms is concerned not with wbether it should go ahead, but solely on how to make the reforms work in practice.

The discussion document tells members tbat it is forced to acept this conclusion, and in its response to the Green Paper to concentrae on the details for operating personal pensions, a subject that will occupy all the time and effort of the association's experts.

Tbe association expresses its concern that the proposals will end once and for all any semblance of a political consensus on pensions. Administrators of tbe pension scheme now face the real problem of future governments cbanging pension systems set up by their predecessors.

The discussion document states that tbe Government's proposals for pbasing out Serps are unworkable, and that if it bas to end the Government should make a clean break. The proposed contracting-out rebate, while Serps is being phased out, is in the council's opinion far too low.

But above all the council considers the minimum 4 per cent contribution on company scbemes and personal pensions too low to replace the benefits provided by Serps.

BANK OF ENGLAND CONSULTATIVE PAPER

Measures proposed to improve banking supervision and prevent large loan exposure

IN ITS consultative paper on proposals for change to tbe Banking Act 1979, the Bank of England says:

THE REPORT of the committee set up under the chairmanship of the Governor of the Bank of England to consider the system of banking supervision was published on June 20. The report made a number of recommendations for changes to certain aspects of the present supervisory arrangements and it has been accepted by the Chancellor of the Exchequer as a basis for consultation. Some of the proposals will involve legislative changes, and the Chancellor has expressed his hope of introducing a Bill to amend the Banking Act 1979 at the earliest opportunity, probably in tbe 1986/87 parliamentary session.

This paper sets out the main changes to tbe Banking Act whicb are eitber recommended hy tbe Committee (composed of Bank and Treasury officials) or which flow from its conclusions:

Two triers: the classification of deposit-taking institutions. The major legislative proposal is the abolition of the classifications under the Banking Act of recognised banks and licensed deposit-taking institutions (the "two tier system"). In future tbere would be only one category of authorised institution.

Powers of the Bank and obligations placed on authorised institutions.

The Government accepts the general thrust of the report that there should be some strengthening of the Bank's powers under the Act. The Bank and tbe Treasury are reviewing the Act with a view to suggesting ways in which the Bank's ability to deal with any actual or potential problems affecting authorised institutions should be enhanced. Detailed proposals will appear in the White Paper and at this stage only some of the hroad lines of the thinking can be offered for comment.

Power to require information. It is proposed to broaden the power under Section 16 of the Act, so as to enable the Bank to require the production by an authorised institution not only exceptionally but also on a routine basis, of any information needed for aupervisory purposes, thus underpinning the system by which supervisory data are collected.

This amendment would enable the Bank, as recommended by the committee, to require prudential information to be independently verified. Thus, the Bank might look to eacb institution to ask its auditors each year to verify

Rohin Leigh-Pemberton, Governor of the Bank of England

to submit that verification to the Bank.

Confidentiality. The report notes the need for some limited amendments to the confidentiality constraints imposed by Section 19 of the Act on the Bank (and on others who obtain confidential information under the Act). The present provisions allow the Bank to transmit information to the

ion, to do so would he in the public interest or in the interest of depositors. The committee bas accepted that circumstances can arise when information obtained under the Act sbould on the same grounds, and with the consant of the Treasury, be passed exceptionally to another government department. Disclosure to the Revenue departments would however continue to he prohibited.

Other chaoges to the Banking Appeals. The Act provides for aggrieved persoos to be able to appeal to the Chancellor against decisions of tha Bank in relation to refusal on initial authorisation, revocation of deposit-taking authority, tha imposition of conditions and the giving of directions. The Treasury is currently considering the form of the appeal or review mechanism to be included in the forthcoming building society legislation: against the background of growing convergence in the supervisory regimes for hanks and building societies, the Banking Act mecbanism is also being reviewed.

Deposit Protection. Finally, the the committee recommends three changes in the provisions governing the Deposit Protection Scheme. The proposals are to increase the level of protec-

imum contribution paid by institutions and to bring all authorised institutions on to the same footing, by removing the Treasury's power to exempt overseas institutions when deposit protection provided from their home country covers deposits taken by their UK offices.

Large exposures undertaken by institutions authorised under the Banking Act 1979

A carefully considered policy on large exposures guards against the risk that an exposure to an individual borrower, country or sector could threaten the solvency of the lending bank.

Individnal exposures. The Bank continues to believe that 10 per cent is an appropriate point above which particular attention should be paid to invidiual exposures. The Bank proposes that *all* individual exposures to non-banks above 10 per cent of a hank's capital base should in future be reported to the Bank.

The figure for the maximum acceptable level of exposure must ultimately be a matter of judgment. It is the view of the Bank, andorsed by the committee, that no exposure to a single non-bank horrower or to a group of closely related borrowers taken together, sbould exceed 25 per cent of capital base, except in the most exceptional cir-

Nigel Lawson, Cbancellor of the Excbequer

correct to represent this proposal as introducing a new level up to which a bank may prudentaly lend. The figure of 25 per cent is not a trigger for more intensive inquiry by the Bank but a limit which will apply n all but the most exceptional circumstances. It is complementary to the 10 per cent guideline, not a substitute for

Eacb bank will continne to be expected to justify to the Bank individual exposures equivalent to more than 10 per cent of its capital base and to satisfy tbe Bank that excessive risks are not being undertaken. Relevant factors wbich the Bank will expect a bank to have taken into account when considering tbe accaptability of exposures include, for exampla, the standing of the borrower, the nature of the bank's relationship with the borrower, tbe nature and extent of security, and the bank's expertise in the particular type of lending. Exposures to borrowers connected with the bank will continue to be particularly closely examined.

Where a bank has a number of exposures of more than 10 per cent of capital to individual horrowers the Bank will require higher capital ratios to be maintained than would otherwise be the case. In exceptional circumstances where a bank has an exposure exceeding 25 per cent of capital basc, the requirement for additional capital will be significantly greater.

Exposures to hanks, countries and economic sectors

The Bank does not propose to apply precise percentage limits to intarbank, country or sectoral exposures. Important naed to be taken into account when assessing policy towards such exposures. Tbe Bank will however examine closely all such exposures of more than 10 per cent of capital base and may reqnire banks to maintain higher capital ratios in cases where there ara particular concentrations of exposure.

Individnal borrowers or groups of closely related borrowers

For the purposes of defining an *individual exposure* all exposures to a *single* borrower, and to a *group of closely related borrowers* must be taken togethar. "Closely related" is difficult to define precisely but the definition ahould go further than borrowers relatad as part of the same group under the definition in the Companies Act.

Companies which are in common ownership, which share the aame directors or which are linked by cross guarantees, etc, may form a *single* risk. The onus will be on banks to identify such groupings of borrowers and to report them as such; this matter should be covered explicitly in the statement of policy to be prepared by each bank.

Copies of the documents are available from the Information Division of the Bank of England, Threadneedle Street

هكذا من الأصل

Nobody is better equipped to re-organise Debenhams.

Nobody is better equipped to re-design it.

On the right, Ralph Halpern.

The man who did to Burtons what we all thought could never be done.

Blow the dust off a dated outfitters and turn it into one of the smartest acts on the High Street.

On the left, Sir Terence Conran.

Britain's prophet of good design who's shown he understands exactly that.

The profit of good design.

(Look no further than his expanding Habitat/Mothercare chain for proof.)

Then, reading this newspaper, there's you.

A Debenhams shareholder.

With a stake in one of the dullest, most unimaginatively-led store groups in the country.

No doubt you're wondering quite what to do about the Burton offer.

All we'll say is this.

Rescuing Debenhams from the doldrums will take massive amounts of marketing aggression and design flair.

With Halpern and Conran, you're being offered both.

With the existing management team, you're getting neither.

With Halpern and Conran there will be life after Debenhams.

UK NEWS

Terry Povey analyses the condition of the Gomba group in the wake of the collapse of Johnson Matthey Bankers

The problems of a consummate salesman

THE SPECTACULAR collapse of Johnson Matthey Bankers has caused problems for many—not least for the bank's main debtors. Mr Abdul Shamji's Gomba group of companies is one of these.

Several companies in the Gomba group face court actions over debt claims and, according to Mr Jim Sharp, group financial controller, the rapidly created empire, based on property, is urgently seeking a refinancing package.

In the dozen years that Mr Shamji has been in the UK — he arrived to seek refuge from persecution of Asian business people in Uganda — his company has grown rapidly from virtually nothing. "The net assets of the Gomba companies total about £100m," he said recently.

But, since the master company in the UK, Gomba Holdings UK, was incorporated in May 1982, companies associated with Mr Shamji have amassed borrowings of about £40m. Members of the Gomba group owe JMB between £18m and £19m.

"I am basically a trader, an entrepreneur attracted by anything profitable," Mr Shamji says. He is also a consummate salesman "easily able to walk into a bank and borrow a million, backed only by his own word that it will be repaid," according to a long-time business associate.

The bank on which Mr Shamji concentrated was JMB.

JMB failed and had to be rescued after the Bank of England had found that its doubtful debts considerably exceeded its capital.

The cash flow problems at Gomba appear to have arisen as a result of two separate processes. First, while the group may well have a sound asset base, the earnings of many of its parts suggest that returns are low. Several units have recorded persistent losses, others only break even. Profits, where they occur, are not large.

Second, there has been the changed attitude of JMB towards its Gomba exposure. Since the Bank of England's £248m rescue of JMB, Gomba's various overdrafts have been reorganised into a loan, most of which is due for repayment within one year.

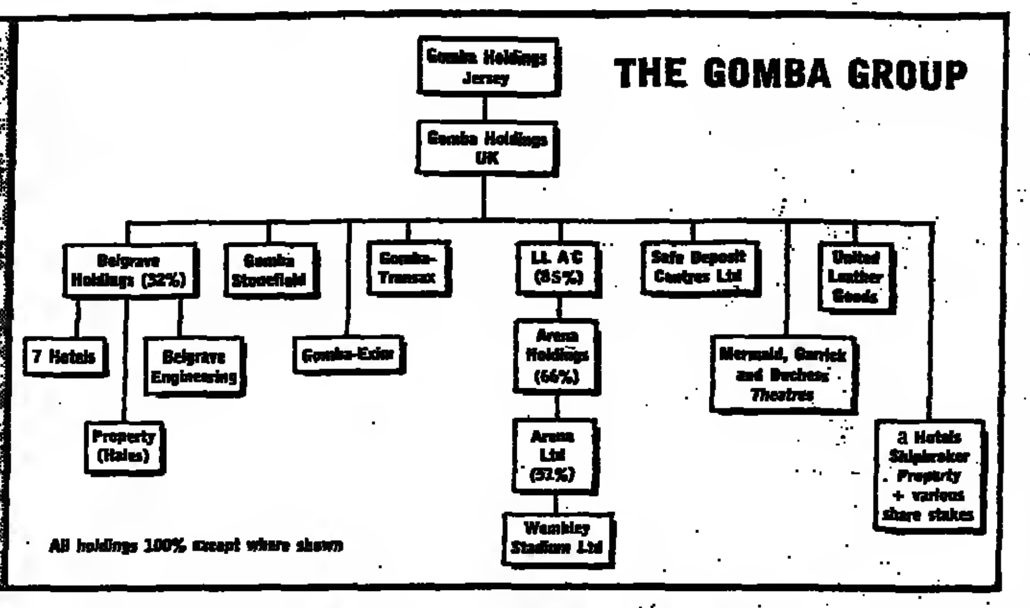
Funds from JMB were available even to group members which did not produce up-to-date accounts. The money often came in the form of overdraft facilities. The last set of accounts submitted to the Registrar of companies by Gomba Holdings UK, for example, was for 1982, when the company did not trade.

"We, that is all members of the group, owe JMB between £18.3m and £19.1m," Mr Shamji said. Besides, the group owes the Punjab National Bank £3m and runs a sizeable overdraft at Barclays Bank. In addition, its listed associate—in which it has a 32 per cent stake—had net debts of £18.65m at the end of 1984, though none of that is owed to JMB, Mr Sharp says.

"We have always paid our loans on time and, although some might think us highly geared, this level of debt is not a problem for a group with such a strong asset base," Mr Shamji said.

Mr Shamji's UK activities are company registered in Jersey, Gomba Holdings, of which he is a director. This company, in turn, owns wholly the private Gomba Holdings UK. Also there are the U.S. and African (Uganda and Nigeria) activities.

Gomba Holdings UK owns a 32 per cent stake in the listed Belgrave Holdings. Its better-known other businesses are the truck-maker Gomba-Stonefield, Safe Deposit Centres, three London theatres (the Duchess, the Garrick and the Mermaid), plus a controlling stake in London Leisure and Arts Centre, which in turn has a big stake in the Wembley stadium and sports complex in North London.



Mr Abdul Shamji, chairman of the Gomba group, has acquired a variety of interests during only a dozen years operating in the UK

Property dealing, especially in hotels, came to the fore as Gomba's main activity with the purchase by Gomba Holdings UK of the Birmingham, Leicester and Wembley Internationals for £7m cash, from Bass, the brewing group, in May 1983.

The next year, the three hotels were sold, along with some smaller property parcels, to Belgrave for about £19m made up of £5m cash, £5m in shares and £9m of debt.

Gomba Holdings U.K. paid £350,000 for its initial 29 per cent stake in Belgrave, in May 1983. Since Mr Shamji took over management control about a month later, Belgrave has issued £17m in shares and taken on £15m in debt obligations as part of its paper-financed acquisitions policy.

During the past four years, Gomba Holdings UK has spent about £15m on acquisitions.

The three most significant purchases by Gomba Holdings UK (other than the hotels and Belgrave share stake) were £5m paid for Safe Deposit Centres, the £340,000 paid to the receiver, for Stonefield and the £1m paid for the controlling stake in London Leisure and Arts Centre.

While many of Gomba's assets—especially its hotels—may have been appreciating significantly in value, the group's problem has been its failure to obtain sufficient income from its various businesses.

The position seems most serious at Gomba-Stonefield. The company, based at Strood in Kent, was bought, free of debt, from the receiver in 1981 and makes a middleweight truck for use by the military and the police.

The project has been faltering for years and is in serious danger of collapse or being sold. The company ran up net losses of £2.7m in the three years 1982 through 1984, according to a special audit by Price Waterhouse, the accountancy firm appointed by the Bank of England to investigate the JMB loan book.

A £5m loan from JMB is secured against Gomba-Stonefield, Gomba-Transax (which shares the same factory) and the site they occupy.

The monthly overheads at Gomba-Stonefield are about £100,000 to pay the 100 or so workers and other basic bills. Local suppliers have had to sue for their money. Partly completed trucks in the factory all had orders from the Sheriff of Kent stuck on them until recently, when some of the more pressing claims were settled.

Typical of the payment problems that have gripped Gomba-Stonefield was the contretemps over paying some long-overdue PAYE income tax contributions recently. The exasperated tax authorities threatened to use their powers to auction 32 containers and their contents to pay the bill, and got as far as inserting an advertisement in The Standard, the London evening newspaper, to give notice of the sale. Within a day Gomba Holdings UK found the £100,000 to pacify the Inland Revenue, but damage to the company's image had been done.

Mr Shamji claims he is prepared to inject £750,000 into Gomba-Stonefield so as to get it running properly.

Why did Mr Shamji get into Gomba-Stonefield? "Perhaps it was wrong of me to get involved in manufacturing but I have always had a soft spot for trucks—it was the basis of my trading business in Uganda," he said.

At Wembley, a legal battle over control of the stadium's operating company continues although Mr Shamji is confident of ultimate victory.

London Leisure and Arts Centre, which was chaired by Mr John Silkin, MP, had previously reached a deal with the long-time owner of the Wembley site, BET, to buy 51 per cent of its stake. A complex structure of companies was set up—London Leisure and Arts Centre owned 66 per cent of Arena Holdings, which owned 51 per cent of Arena Ltd, which in turn owned outright the operating company, Wembley Stadium Limited. BET kept a 49 per cent stake in Arena Ltd.

As a result of a deal with Mr Silkin and others, Gomba Holdings UK obtained 85 per cent of London Leisure and Arts Centre giving it control over Arena Holdings. However, minority shareholders and directors have contested Mr Shamji's right to appoint new directors and hence win control over the key company, Arena Ltd. BET, unpaid for part of the original (pre-Gomba) purchase by London Leisure and Arts Centre of the stake in Wembley, has initiated a winding-up petition against London Leisure and Arts Centre.

Mr Shamji's connections with JMB extend beyond the Gomba group. In mid-1984 Johnson Matthey plc, the parent company of JMB until the Bank of England rescue, sold the factory and stock of its U.S. jewellery business to Strongsay, a U.S. company.

According to Johnson Matthey plc, the purchase was negotiated on behalf of Strongsay by Mr Shamji and Mr Munir Walji, his son-in-law, and the finance was arranged through JMB.

However, on December 30, 1984, when the second tranche of $11.8m (£8.43m) became due, the new administration at JMB refused to make the payment and so Strongsay defaulted.

Johnson Matthey plc has now had to repossess the jewellery stock and has recently made a provision for the expected loss on its disposal.

JMB now has a more pressing problem with Gomba. On June 28 the first payment under the debt rescheduling agreement was missed and, despite various negotiations, has still not been paid, according to Mr Sharp.

Mr Shamji is a master at balancing the demands of creditors with his wish to expand. Even now his reaction, he says, may well be to "go for a big acquisition and become invulnerable."

According to Mr Shamji, the real problems of his group are not cash but the dislocation at JMB, plus the well-publicised court battle to decide control over the Wembley complex and what he admits was an embarrassing run-in with the taxman at Gomba-Stonefield. "These events, and the Press coverage of them, are what is damaging the standing of Gomba," he claims.

However the case is put, Mr Shamji now has very real problems. Without a refinancing package, or a major programme to dispose of assets, it is difficult to see Gomba's way through its present difficulties.

Pattie warns on funding Eureka

BY PETER MARSH

BRITISH companies cannot expect a new source of government funds to help them with projects under the proposed Eureka pan-European research programme, Mr Geoffrey Pattie, the Minister for Information Technology, warned yesterday.

He said any projects Britain backs will be funded by a combination of sources such as industry's own bank accounts, financial institutions and existing state-backed research schemes, for instance the Department of Trade and Industry's support for innovation programmes.

Mr Pattie said it was still too early to discuss the total cash Britain would contribute to Eureka, which was the subject of an exploratory meeting in Paris this week, attended by representatives of 17 European countries.

This contrasts with the stance of France and West Germany, whose research ministers have earmarked for Eureka FFr 1bn (£82m) and DM 300m (£75m). However, it is not clear whether this cash represents new research money or is to come from existing allocations for innovation support.

In an interview, Mr Pattie said he was optimistic that Eureka would knit together European efforts in the transfer of innovative technologies to products which can be sold.

Britain's approach, the minister emphasised, is that individual Eureka projects should be related to products rather than basic technologies. Programmes favoured by Britain include work in transportation (for instance, high-speed trains and air-traffic control computers), gadgets for home entertainment and factory automation.

The type of projects and further details of funding are to be discussed at a second intergovernmental meeting on Eureka in West Germany in the autumn. Other programmes could include work in new materials, lasers and electronics.

Mr Pattie said he hoped Eureka would be run by a small steering group of officials and with no closely defined budget. "There won't be a pot to which people will form up and ask for funds."

Rather, according to the minister, Eureka would be organised in a relatively loose fashion, with individual countries supporting specific projects in a way which suited them.

This "variable geometry" technique — as the approach has been christened in "Euro-jargon"—could mean, for instance, that a company from one country receives 100 per cent government funding for its part in a project, while participants from other nations have to inject some of their own money or persuade banks and finance houses to contribute.

European companies already participate in joint activities, for example in fixing up common development or marketing deals, but Mr Pattie believes the continent would benefit commercially from more such arrangements.

Too many government policies are geared toward backing "national champions" in specific technology areas, he said. A better approach would be to press for more collaboration between companies and agreements on technical standards to enable enterprises to compete across the whole of Europe.

"We all accept the diagnosis that Europe innovates brilliantly, but is not very good at products. Government activities such as Eureka can loosen up the rigidities."

Companies' involvement with Eureka would not preclude their participation in the U.S. Defence Department's $26bn (£18.6bn) Star Wars programme, but Eureka would constitute a powerful magnet in preventing talented researchers from being lured away to work on the U.S. project.

AMERICAN BAR ASSOCIATION

Pay policy grievances outlined

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BRITISH Government pay policy in the public sector had resulted in a largely compliant workforce with a sense of grievance, the conference was told yesterday.

The question, two English lawyers told the conference, was "whether that sense of grievance can be contained indefinitely or whether we are merely storing up trouble for a later date."

In a joint discussion paper Mr Christopher Carr, QC, and Mr David Cockburn, a solicitor, both experienced in labour and employment litigation, said the traditional pattern of fewer strikes in the public than in the private sector appeared to be changing. Public sector unions saw the Government as using them as the group of workers whose income could be most easily controlled.

That had led to a growing sense of disenchantment among the unions, they said.

The picture was one of a public sector with diminished job security, pay increases usually falling below the level of inflation and growing union militancy.

Faced with that situation the Government appeared to have concluded that it would be less inflationary to rely on power bargaining techniques rather than the more traditional techniques of comparability and arbitration.

Since 1980 the Government had enacted three statutes with the stated intention of reducing union power. One reform causing particular concern to the public sector unions was the definition of a trade dispute, which is the cornerstone of union immunity from legal sanction.

The purpose of that reform was to exclude political strikes. However, Mr Carr and Mr Cockburn, said it was often difficult to distinguish political from industrial issues in the public sector.

The determining factors in industrial relations in Britain were economic, not legal. An unemployment rate of near 13 per cent had proved a far greater deterrent to industrial action and inflationary wage claims than the previous 20 years of incomes policy.

It was, however, argued that the Government was at the same time operating a covert incomes policy on the public sector through the mechanism of cash limits.

The paper was presented at a conference session that examined differences between the British and U.S. experiences of strikes and industrial relations in the public sector.

An American contributor, Mr James Baird, a Chicago lawyer, said that two alternative solutions to the problem of public employee strikes had recently been used because of the failure of no-strike laws to prevent strikes.

A limited right to strike had been granted to certain non-essential public employees, and "mandated impasse resolution procedures"—usually compulsory binding arbitration—had been adopted where it was believed that strikes in essential services would endanger public health, safety or welfare.

Fee system 'subversive of justice'

By Raymond Hughes,

THE U.S. system of "contingent fee" payment of lawyers—a form of payment by results—was condemned by an English High Court judge yesterday as "subversive of justice," and against the public interest.

Contingent fees encouraged lawyers to concentrate only on strong cases or those where the amount involved made the unmeritorious case worth pursuing, said Mr Justice Leggatt, co-author with Mr John Wickerson, a Croydon solicitor, of a discussion paper for the conference.

Underlying the English objection to contingent fees was the conflict of interest between lawyer and client. The English rule was that a lawyer could not make any arrangement with his client that would give the lawyer any advantage in respect of the result of the litigation.

That rule had been laid down expressly to preserve the honour and honesty of the legal profession.

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The English judge and solicitor suggested that it might be worth considering ordering attorneys on contingent fees who instituted unmeritorious claims personally to pay or contribute to the costs of successful defendants.

Contingent fees were defended by Professor A. Leo Levin, from the Federal Judicial Center in Washington. He said they allowed impecunious plaintiffs to litigate, particularly in cases of personal injury, employment discrimination or civil rights violations.

It was not only that the plaintiff did not risk being obliged, if he lost, to pay the defendant's legal fees, he also did not risk becoming indebted

Britain 'lacks code on procurement'

BY WALTER ELLIS

THERE WAS no equivalent to the ABA's Model Code on public procurement in the UK, Mr Cyril Peach, a solicitor with the National Coal Board, told yesterday's meeting of the association.

English common law had developed no general principles of special application to public authorities, and the bulk of legislation affecting procurement policy centred on a desire to curb the growth of monopolies or dominant influences on particular markets. The overall aim was to improve competition.

Mr Peach said in a paper to measures in respect of public contracts were aimed at free competition in the public interest and "in unbiased decision-making by central and local government."

There was, however, a parallel phenomenon: the importation into UK legislation of directives and articles of the European Community. The effects of this influence had yet to be fully worked out, he said.

The law in Britain was not specifically addressed to the grievances of contractors at their treatment by public bodies. Yet, under articles 85 and 86 of the Treaty of Rome, statutes could result in direct action in the courts.

Mr Thomas Madden, a specialist attorney from Washington, outlined the current U.S. position in another paper.

The association's Model Code on public procurement by state and local governments of supplies, services and construction was completed in 1979. A total of 11 states, have so far incorporated the principles of the code into new legislation, and, according to Mr Madden, it is expected that more U.S. jurisdictions will adapt it to their special needs in the

LABOUR NEWS

NUR executive to decide on industrial action ballot

BY DAVID BRINDLE, LABOUR STAFF

THE EXECUTIVE committee of the National Union of Railwaymen is expected to decide on Tuesday whether to hold an industrial action ballot to avert a threat of legal action by the British Railways Board.

The move follows the issuing of a High Court writ by the board over the blacking of 25 railbuses built by a private company, rather than British Rail Engineering.

If the union's executive decides to hold a ballot to protect it from a suit for damages, it will be the first time the union will have implemented last month's conference policy decision in favour of pre-strike votes.

The conference decision was carried by a majority of only 40-36 and may not be supported by a majority of members of the Left-controlled executive. However, they may have little option but to carry out the policy.

Supporters of the move to hold a ballot, who are likely to include Mr Jimmy Knapp, the union's general secretary, will point out that the conference decision did not leave the executive any discretion.

A keen debate is anticipated and the consequences for the industry could be fundamental: if the verdict goes against a ballot, BR will be in court the same day and the union could quickly face a damages award, fines and possibly sequestration.

The executive met yesterday, but it is believed the writ was merely noted. BR is keen to press the case because, it says, one of the railbuses is ready to leave the builders, Walter Alexander of Falkirk.

However, the legal action is also thought to have been prompted by a more hawkish approach to industrial relations by BR. It has still not dropped its suit for £200,000 damages against the NUR and the train drivers' union Aslef, arising from a one-day strike in January.

And there is still deadlock over BR's plans for driver-only operation of trains. A strike by guards at the Margam, South Wales, freight depot is continuing over the issue, though BR succeeded on Thursday in running (with a guard) one of the five daily iron ore trains to Llanwern steelworks.

On the Eastern Region, BR has warned of "serious disruption" of services this weekend on the Great Northern suburban lines from London King's Cross, where guards are staging a protest ban on overtime and rest-day working.

The NUR executive decided yesterday to make up the pay to minimum earnings level of any member sent home for refusing to co-operate with driver-only operation.

Ousted mine leader's action fails

By Our Labour Staff

NOTTINGHAM president of the National Union of Mineworkers, Mr Ray Chadburn, yesterday failed to win High Court injunctions ordering the area's breakaway leadership to allow him back into his office.

After a 90-minute private hearing in London Mr Justice Tucker also refused to grant an injunction ordering the area leadership to allow Mr Chadburn to chair Monday's meeting of the area council.

However, he ordered an early hearing of Mr Chadburn's action for permanent orders requiring the area to keep him on as president until he has been properly sacked under area rules. The judge said the hearing should take place in two weeks' time.

After the hearing Mr John Allsop, a member of the area executive, said: "We are very pleased with what the judge has decided. We thought we were doing right and we have been proved to have been doing right."

He said Mr Chadburn had effectively resigned by walking out of an area executive meeting and the area union regarded him as being sacked "effective from that date."

Mr Chadburn said he understood that he had been locked out of his office on legal advice.

"Effectively I cannot go to the office for the time being," he said. "But I am still carrying out my duties as president of the Nottingham area of the NUM and I will continue to do so."

Unions in joint technology move

BY HELEN HAGUE, LABOUR STAFF

MOVES BY journalists and print workers at two Ipswich newspapers, the East Anglian Daily Times and the Evening Star, to make a joint approach to management on introduction of new technology have been endorsed nationally by the National Union of Journalists and the National Graphical Association.

Sanctioning of a joint claim by the NUJ's Provincial Newspapers Industrial Council yesterday is subject to ratification by the union's national executive, which meets next week.

Amendments put forward by the council were accepted by NGA national officials after yesterday's meeting.

Relations between the two unions at national level have been fraught recently over introduction of new technology, and over direct inputting in particular.

The Ipswich move, and the reaction it has so far received from national union officers, is evidence of a mellowing of hostilities.

The Ipswich agreement sidesteps to some extent the issue dividing the two unions at national level, as to who should represent and bargain on behalf of displaced NGA members who re-train to become journalists.

The text of the joint NUJ-NGA claim reads: "The follow-the-job principle agreed by both chapels will be accepted by management."

The NUJ—Provincial Newspapers Industrial Council amendment, accepted by NGA national officials, recognised that the follow-the-job principle was "subject to continuing discussions between both unions at national level."

It added that the principle, as "may be finally agreed" would form the basis of a work study exercise to determine the number of transfers to take place.

Mr Gary Morton, NUJ provincial newspapers organiser, said: "It is this industrial council's hope that the present joint approach at Ipswich marks the end of a period of conflict between the two unions in provincial newspapers."

The joint approach heralded in Ipswich was being echoed at other newspapers, said Mr Morton.

These included the Brighton Evening Argus, the Sunderland Echo, the Basingstoke Gazette and the Birmingham Post and Mail.

Nurses toughen contracting-out stand

BY DAVID BRINDLE, LABOUR STAFF

THE ROYAL College of Nursing has further toughened its policy on the Government-enforced programme of contracting-out of ancillary work in the National Health Service.

The move by the traditionally moderate union comes two weeks after the Commons social services committee reported that the programme had been "hardly a startling success so far."

Until earlier this year, the college maintained a strictly neutral line on privatisation: its policy stated that it did not oppose contracting-out of domestic, laundry and catering services provided there was no detrimental effect on patient care.

Urging members to come off the fence, the college's ruling council decided in March to urge nurses to check the credentials and experience of contractors bidding for hospital work and to report on sub-standard performance.

Subsequently, the college's annual congress voted to oppose any increase in privatisation in the health service. This led to the council annulling its policy of no opposition to contracting-out and then, this week, to agreement on a fresh policy statement.

The new policy expresses "grave concern" at "the anxiety that competitive tendering has caused among ancillary staff and, more particularly, the turbulence that contracting-out of services to companies sometimes inexperienced and ill-equipped to perform them."

Although it stresses that the college still supports in principle any moves to make ancillary services more efficient and cost-effective, the policy calls on local health authorities to "give much greater weight to criteria that safeguard standards of patient care rather than those that satisfy purely economic or commercial objectives."

The college, which is not affiliated to the TUC and has often found itself at odds with TUC health workers' unions over contracting-out, plans a much higher profile in decision-making on contracts at local

EEC banking rules invoked

THE banking, Insurance and Finance Union is planning to use EEC regulations to coax Barclay's Bank to consult it over the hiving off of some of its City-linked operations.

Transfer of undertakings regulations oblige employers to consult fully with a trade union over the implications of any transfer of its staff.

Barclay's intends to transfer its merchant bank and some investment subsidiaries into a new stock market operation, Barclay's de Zoete Wedd. The new company will not recognise unions.

About 100 of Barclay's staff have had details of a new package which would come into operation if they transfer to BZW.

Bifu says the EEC regulations would oblige Barclay's to give the union adequate time to be consulted on the changes and explain the legal, economic and social implications of the changes staff will face.

Mr Noel Howell, Bifu assistant general secretary, said the union would consider taking Barclay's to a tribunal if consultation and disclosure of

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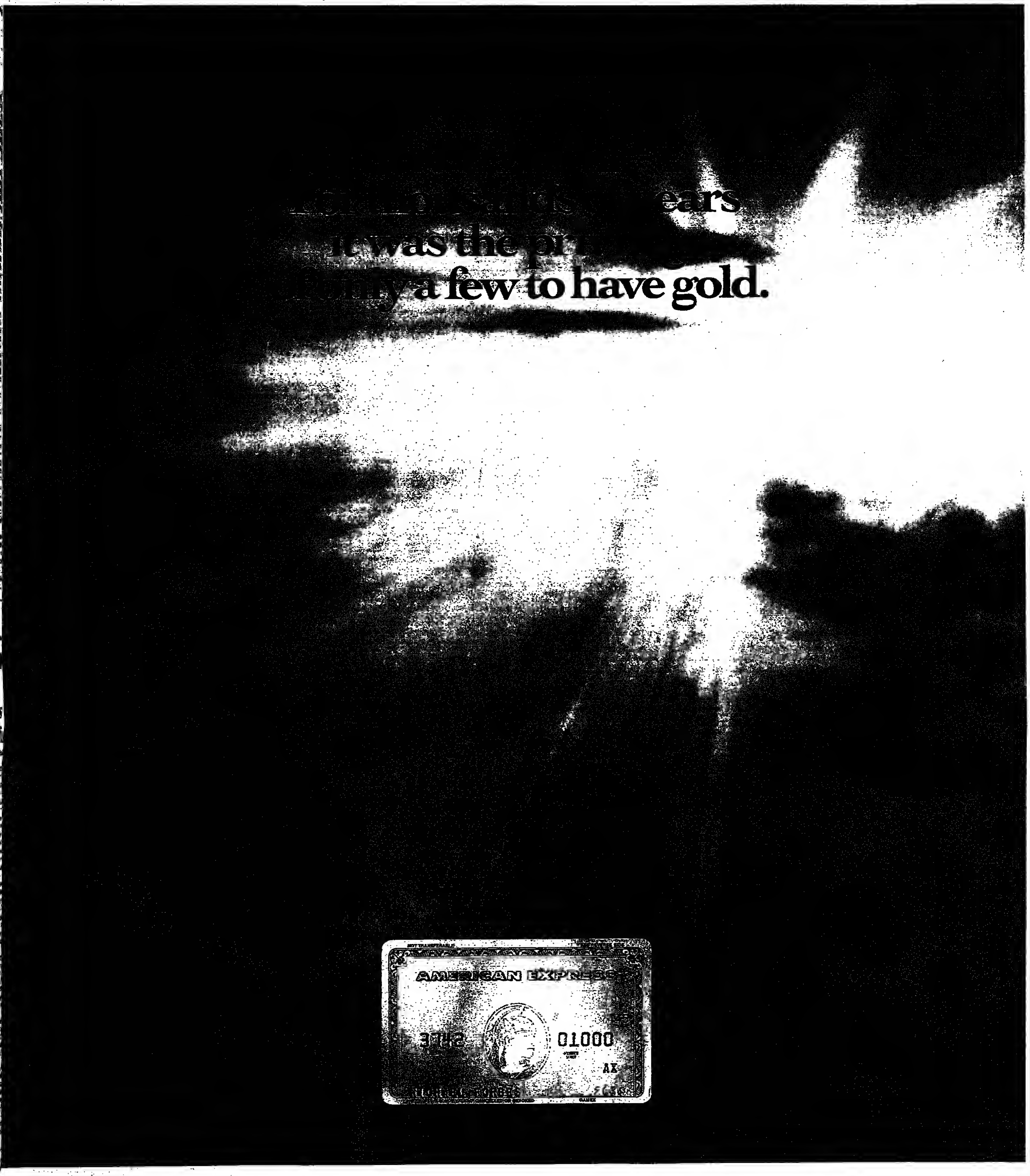

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Saturday July 20 1985

Paying for Plowden

EN a born optimist would ve to agree that it has been bad week for the Government. deed, to be absolutely curate, one has to say it has en *get another* bad week for Thatcher administration. nce June 1983 bad weeks have t been irregular or casional events like comets or thquakes but part of the mal, thoroughly predictable ric of ordinary life. The markable thing is that so tle of substance needs to go ong for the Government to alk up a bad week: presentan and timing are often so ry that even a good week n be irretrievably soured.

To be fair, this week was not ured purely by presentation. o opinion polls have conmed that the Conservative rty is now running third in blic esteem to Labour and the liance. Indeed, the latest Galp survey shows the Conservaes more than 10 percentage ints adrift of Labour with pport at only 27½ per cent of e popular vote. The regularity the bad polls does now seem be affecting the morale of the abinet which can no longer rite them off as mid-term ues. The compromise over ages councils, following the reeat over student loans, shows w decisions are being shaped these poor opinion polls.

On top of the polls, the Govnment has taken a battering the Commons over its handlg of Johnson Matthey ankers. The saga of the ricken bank bailed out with rge sums of taxpayers' money ntinues to throw a shadow er the Bank of England and er the reputation of the City.

creases

Johnson Matthey Bankers and oor opinion polls—not to menon the poor reception for Mrs hatcher's end-of-term pep talk r Conservative MPs—might em enough bad news for one eek. But all this paled into significance on Thursday hen the Government announced it had accepted recomendations for some whopping ay increases for top people in e public sector. Lord Plowen's salary review team says he pay of Sir Robert Armtrong, the head of the home ivil Service, should rise by 46 er cent to £75,000 next March. ther senior civil servants, udges, and senior military peronnel will all get very substanal increases.

The reaction has been swift, harp and predictable: fury in he House of Commons that nce again the Government had ttempted to release sensitive nformation in the shape of a arliamentary written answer; isbelief in the Labour movenent that the Government ould announce awards of nore than 30 per cent for top eople the day after it decided o limit the powers of wages ouncils, which set pay rates or some of the poorest orkers; astonishment on the part of the negotiators trying to get disgruntled teachers to accept a 6 per cent award—an Exocet "shot across our bows," declared one; and, if the jamming of the switchboards of popular radio programmes is any guide, a sense of outrage on the part of some members of the general public.

Much of the outrage is misplaced. The timing may have been bad but the Government had to make an announcement sooner or later—it could not bank on an early settlement of the teachers' dispute. Attacks on the grounds of inequity or unfairness are hard to stand up. There is very little rationale in any pay differentials. The pay of chief executives in industry has *recently* gone up very fast and in a good many cases it now bears little relation to "performance" even if that will'o the wisp could be scientifically measured. In the City the game of musical chairs is hidding up salaries to quite ludicrous levels: Sir Robert Armstrong, after all, stands to get the salary only of many very ordinary stockbrokers' analysts.

Even after the increases recommended by Plowden, the pay of senior civil servants will not be comparable with what is available in the private sector. The increases at the top end of the scale are designed rather to "draw out the concertina" of civil service pay, as one civil servant puts it: In other words to provide more incentives and more scope for pay according to merit. In this sense it should be *welcomed.* In all professions or occupations there is a need for a wide dispersion of pay rates; the differentials within occupations are probably much more significant for performance than the differentials between them, which will reflect different long-run supply and demand factors.

Having said this, however, the Plowden awards also have to be seen within the context of the Government's overall approach to pay. Treasury Ministers wh worry about both inflation and unemployment might justifiably complain that although the awards directly affect very few people (and so cost very little), they could have a damaging "demonstration effect." They look like a rather serious breach of the official public-sector pay norm of 3 per cent and do not bode well for the autumn pay round.

Above all, the Plowden recommendations again illustrate the intractability of the public sector pay question. There can be no question of attempting to adhere rigidly to any form of comparability with the private sector. On the other hand, restraining public sector pay as a means of restraining pay in the whole economy can be equally dangerous as it results in overwhelming pressure for an eventual "catch-up." No government in recent history has been able to strike the right balance but the importance of finding an acceptable formula can hardly be overstated.

UK PRIVATISATION

What the managers think

By Sue Cameron

THIS week's announcement that the British Government plans to sell eight state-owned companies to the private sector before the next general election, confirms Ministers' determination to press ahead with the privatisation programme.

Since 1979, a total of 12 major companies plus a number of smaller enterprises have been sold this way. Around 400,000 jobs have been transferred from the public to the private sector; about a third of a million employees have acquired shares in the companies for which they work; and state sell-offs have raised over £6bn for the Exchequer.

The Government itself is in no doubt about the significance of these moves, which Ministers have described as "among the most radical reforms of the UK's economic and industrial structure since 1945." This week Mr John Moore, the Treasury Minister responsible for privatisation, reiterated some of the advantages he believes a move to the private sector can bestow.

Greater freedom for managers to manage, the respect for market disciplines promoted by wider share ownership, the increase in competition, improvements in efficiency and a better deal for the consumer are among the arguments put forward.

Such factors affect the day-to-day running of a business but as the accompanying article explains there is as yet no conclusive evidence that the benefits provided by privatisation have a direct effect on financial performance.

So how do privatised company managers themselves see the advantages and drawbacks fo privatisation?

Individual managers often stress very different gains. But this is inevitable given the diverse activity and historic performance of the groups so far privatised. Here are some of the more commonly heard themes:

The *first* thing mentioned by the chairman of one major formerly nationalised company is the "withdrawal of the dead *hand of the* Treasury." It is hard to find any senior executives in privatised concerns who do not echo the relief at being *released from* second guessing Whitehall, from constant interference by Ministers and from decisions forced on them for social, economic and political, but not for commercial reasons.

Managers in some companies say that having to refer constantly to Whitehall in general, and the Treasury in particular, effectively imposed an additional tier of management on their business. Even Dr Stuart Burgess, chairman of Amersham, who says that privatisation has made comparatively little difference to his company, adds that while "Treasury officials are a bright lot and I take my hat off to them, they don't always understand business. I sometimes used to feel I had an educational job to do there."

Senior executives at Britoil recall how the inevitable Treasury man would sit at their meetings with his eyes almost closed until the subject of spending was raised. No matter how minor the purchase under discussion, he would spring to life and bark: "How much?"

Lord King, chairman of British Airways which the Government hopes will be privatised soon, said earlier this year it was "inevitable" that Ministers and civil servants would interfere with state corporations. This was not because of perverseness but because they might have "a different use for available funds than satisfying an individual application from one of their businesses." The effect, however, could be to the "considerable detriment of a *particular* company and its customers."

Sir Eric Sharp, chairman of Cable and Wireless, says one *result of privatisation has been* a new freedom to act speedily, without "discussions and endless references back to the Department of Industry, to the Treasury and the Foreign *Office."* Citing his company's completion in four days of arrangements to take over the Hong Kong Telephone Company *last year,* Sir Eric said the freedom to negotiate deals has been "invigorating" for management.

An end to Treasury imposed limits on top managers' salaries—an issue on which senior managers at Amersham resigned at one point—is also widely *seen as a gain from* privatisation.

Some senior people say moving to the private sector can dramatically improve a company's image. Keith Stuart, the chairman of Associated British Ports, says that when his company was in the public sector, everyone assumed it must be a money-losing monopoly. Yet ABP, which had not been a monopoly, had been self-financing for 10 years before it was *privatised.*

"No matter how good our PR effort, we could never get over this shibboleth of being in the *public sector," Mr Stuart* says. "When we were privatised, one advantage we had not anticipated was the sea change in public opinion. Overnight, we were assumed to be a good thing."

is considered another significant advantage both by Sir Eric Sharp and by Trafalgar House, the private sector group that took over state-owned British Shipbuilders' seemingly doomed Scott Lithgow yard for a mere £12m last year. Trafalgar—which also bought the RDL construction group from the nationalised British Steel in 1982—says its *experience* suggests that public sector managers tend to become "locked into state industry pension *schemes."* The fear of losing pension rights can create hopelessly static managements with no room for new blood.

Trafalgar says much the same can be true of state industries' national agreements with trades unions on such issues like redundancy. The company claims that to negotiate newly privatised companies out of nationalised schemes and agreements is an "administrative headache" of awe-inspiring proportions—but it is well worth it. It has found that more localised arrangements often produce a greater sense of identity between workforces — including managers—and their individual businesses. It can also make established managers more dynamic.

Greater flexibility is another by-product of privatisation. Allied Steel and Wire is a joint venture set up in 1981 by the state-owned British Steel and Guest Keen and Nettlefolds, Britain's biggest private sector steelmaker. Technically ASW still has one foot in the public sector. But that has not stopped it undertaking a radical decentralisation of both management and trade union bargaining. And it has cut £20m a year off its production costs.

Trafalgar reckons that one of the major problems at the Scott Lithgow yard was the changeover from traditional shipbuilding to offshore work—a whole new business requiring different working practices and standards. Trafalgar believes the kind of flexibility needed to make such changes rarely exists in the public sector, which is not to say it has not had difficulties with Scott Lithgow over recent months on the industrial relations front.

The marked increase in employee shareholdings through privatisation is much stressed by the Government. Sir Peter Thompson, chairman of National Freight—the most notable success of all the privatisation stories—says the support of employee-shareholders has been the most important factor in making "impressive progress possible." NFC's annual meetings tend to be more lively than many more traditional shareholders' meetings.

But this is one aspect of privatisation on which there is no consensus. The Government, for example, claims that British Telecom, a newly privatised giant, is undergoing "a cultural revolution" with old managerial hierarchies being broken down. It asserts that one reason for this is the huge number of BT employees who have become shareholders—96 per cent.

Yet close observers of BT believe its improved efficiency and competitiveness have more to do with the Government's decision to open up its markets to competition—a decision that preceded privatisation — than with either employee shareholders or the move to the private sector itself.

ABP's Keith *Stuart is also* sceptical about some of the claims made for wide employee share ownership. He is proud that over 90 per cent of the eligible workforce have bought shares in ABP and that employees now hold the biggest block of equity. He also notes that in the smaller ports, where industrial relations have traditionally been good, there has been a *greatly* expanded "awareness of the business."

But he does not believe that employee shareholdings have had a major impact on industrial relations at some of the larger ports.

The Government may sometimes exaggerate the case for privatisation. Yet the positive effects, though mostly intangible as yet, are the ones that are stressed by the managers involved. Certainly, none of them is pleading for a return to the public sector.

PRIVATISATION - RESULTS SO FAR

	Year of privatisation	Pre-tax profits in privatisation year	Latest pre-tax profits
Cable and Wireless	1981	£64.1m	£245.2m
ABP Associated British Ports	1983	£14.5m	(£6.4m)
Jaguar	1983	£50m	£91.5m
Britoil	1983	£586m	£688.1m
British Aerospace	1983	£82.3m	£120m
NFC National Freight Consortium	1982	£11.8m	£16.9m
Amersham	1982	£8.5m	£17.1m

The Government says the "acid test" *of the success of* its privatisation policy is the financial performance of companies that have been sold out of the public *sector.*

Mr John Moore, Financial Secretary to the Treasury and the Minister responsible for *privatisation,* has *listed* some of the better performers and claims: "This is no more than a reflection of the success we all hoped and anticipated that such companies would have—and could only have—in the private sector."

While it is true—as the panel shows—that a number of companies have improved their profits substantially *since* being *sold* into the private sector, most of them—Cable and Wireless, Britoil and Amersham, for example—were turning in good results before. As Dr Stuart Burgess, chief executive of Amersham says, with some pride:

"We were always run on a commercial basis. Our competitors were all in the private sector. And we were efficient. So in our case the business has gone on in much the same way as before privatisation."

Says Mr John Smith, *Labour* Shadow spokesman for Trade and Industry: "The Government could hardly fail with *some* of *the companies it* has privatised.

"It took away the British Gas Corporation's oil *interests, for example, privat*ised them as Enterprise Oil and then claimed that this was a roaring success.

"Well, of course it was. It had been a roaring success under British Gas."

The recent history of other companies in the table shows that privatisation as such does not always lead to improved financial performance: ABP's profits, for example, almost trebled in its first year in the private sector, but it has subsequently lost money; Britoil was topping the £0.5bn barrier while still in the public sector; BAe's profits are arguably unimpressive when set beside its £2.45bn turnover; and much of the credit for Jaguar's dramatic recovery has been given to Mr John Egan, its chairman and chief executive brought in four years before privatisation.

There has, meanwhile, been *at least one failure.* Readheads, a ship repair yard in South Shields, was brought from the state-owned British Shipbuilders in 1983 by employees who pooled their redundancy money to raise £110,000. The Government smiled on the venture and Mr Norman Lamont, Industry Minister, officially opened the Tyneside yard.

But top level management skills were lacking and unduly low pricing quickly pushed the operation into debt. Earlier this year Readheads was forced into voluntary liquidation with losses of £250,000.

In this case, the Government refused to loan Readheads the £400,000 it requested to stave off disaster. But privatisation does not always mean the end of reliance on taxpayers' money. British Aerospace still needs government support to launch major projects like the A320 airbus.

The most striking example of successful privatisation must be the National Freight Consortium. Since an employee-led management buy out in 1982, the once ailing NFC has almost doubled its investment and its trading profits. It has also started to take on more staff for the first time in years. But NFC is only one company among many. So far it appears to be the only example of a turn around that has stemmed directly from privatisation.

Mr Moore said this week: "Although I do not claim that privatisation is the universal panacea for all ills, it is hard not to find success stories in privatised companies."

But perhaps Mr Smith makes a significant point when he says: "I think the influence of ownership can be overestimated. The crucial thing is good management."

The firm evidence to date suggests that the act of privatisation tends to make little difference to a company's performance in itself—sound businesses continue to do well and weaker ones continue to experience difficulties. Which is not to say privatisation may not confer advantages in the longer term. Despite the pace at which the Government has worked, it is early days yet.

Man in the News

Ronald Reagan

Another ordeal for the President

By Reginald Dale in Washington

SWITCHBOARDS at cancer clinics throughout the U.S. have been jammed with calls this week. Monday's sobering disclosure that President Reagan is a victim of colon cancer has suddenly brought thousands of those similarly afflicted out into the open

Cancer specialists say that this is a silver lining to the dark cloud that has now been cast over the remainder of Mr Reagan's presidency. His form of cancer is the second most fatal in the U.S., after lung *cancer.* And yet the medical profession had hitherto largely failed in an uphill battle to focus attention on what people generally tend to shrink from as a taboo disease.

Doctors now hope that Mr Reagan's illness will do for colon cancer what that of the former First Lady, Mrs Betty Ford, did for breast cancer. Once the disease is brought into the open, they believe, thousands of lives will be saved by early diagnosis.

Whether or not Mr Reagan's condition was diagnosed in time has been one of the main questions asked in the five days since Dr Steven Rosenberg of the National Cancer Institute stepped smartly into the TV spotlights at Bethesda Naval Hospital and dramatically announced: "The President has cancer."

Amid the nationwide relief that followed the reassurance that Mr Reagan may well be completely cured many Americans appeared to overlook the fact that a somewhat better than even chance of a full recovery does not really represent very good odds.

Nevertheless, given that the actuarial life expectancy of a 74-year-old American man is between 9.3 and 9.6 years, the chances are better that the disease will not recur while Mr Reagan is still in the White House over the next 3½ years.

But many doctors have pointed out that such statistical odds are based on large numbers of patients, and that it is impossible *accurately* to individual case. And, more over, Dr Rosenberg admits that he cannot be totally sure that all the cancer cells were removed during last Saturday's surgery.

Psychiatric specialists in the figth against cancer have been rather more reassuring. They say that Mr Reagan, with his perennial optimism, his refusal to look on the negative side of anything and his sense of humour, give him just about the ideal personality to cope with the disease.

Mr Reagan's irrepressible cheerfulness, and his ability to rise to almost any *occasion* liner," are, of course, among his chief political assets. His insurance, equally, is a source of exasperation to critics who wish that he would take some of America's problems, such as hunger and unemployment, more seriously.

But the pluck and humour he displayed after he was shot in March 1981 endeared him to countless Americans, and a similar wave of sympathy, though probably less strong, is likely to follow his latest misfortune.

This week, he has been at it one for tennis?" down the hospital corridors and cultivating a tough-guy image by letting it be known that he is reading Western novels and watching old Humphrey Bogart movies.

This time, too, his wife Nancy has, by all accounts risen magnificently to the occasion, outwardly maintaining her calm and carrying on a public schedule under difficult circumstances.

Inevitably, people are wondering whether they have been told the full story, and there has been speculation as to examination of Mr Reagan's intestine was postponed for political reasons until after last year's election.

If anything, Mr Reagan's doctors have been under fire for not recommending a thorough examination 14 months ago when they discovered the first small polyp.

Against the conspiracy theory are the virtual impossibility that Mrs Reagan would have allowed him to defer recommended treatment for the sake of a second term in tha White House, and the fact that the full examination did not take place until eight months after the election. He might still have beaten Mr Walter Mandale anyway.

As for the future, Mr Reagan's political prognosis is as uncertain as the medical one on which it depends. One view is that he will emerge strengthened in the autumn, at *least in the short term,* if he stages a typically resilient recovery and continues to benefit from public sympathy. He remains one of the most popular presidents of modern times.

His illness, however, has struck at a time when his second term already seems to lack focus and momentum.

Perhaps the biggest test for Mr Reagan will be his summit meeting with Mr Mikhail Gorbachev, the Soviet Leader, in Geneva in November. European commentators are now beginning to suggest that the superpower tables have been turned, that a young and vigorous Soviet leader now faces an old and ailing American president.

That is not how most Americans see it. If anything, the highly-publicised events of the last few days have reaffirmed American confidence in a system which, in stark contrast to the Soviet Union, provides for the maximum openness in government and an orderly succession in the event of a leader's disability. And Americans have learned from past experience not to write

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UK venture capital

Leonard Burt

Dr Allam: resigned

How Dr Allam's lemons ripened before his plums

By William Dawkins

FEW PEOPLE realise how quickly high hopes can be dashed in the fast-moving world of venture capital.

So the recent resignation of Dr Derek Allam, the ebullient chief executive of Prutec, the Prudential Corporation's high-technology start-up arm, is a timely reminder that small company investment can — at least temporarily — lose its glamour.

His surprise decision highlights the difficulties being experienced by a group which was hailed as a guiding star of the British venture capital scene when it was launched in 1980.

Although many institutions have since followed suit, Prutec's aim of finding new technologies before selling them on to established manufacturing companies at a profit represented at the time an unusually aggressive approach in the City of London.

Sadly, the group has not lived up to its high initial expectations. The projects it backed proved harder to sell than its creators ever imagined, while a series of management problems and large losses among its start-up ventures prompted the Pru earlier this month to take Prutec under the wing of its in-house venture capital group, Pruventure. There it will be under the control of Richard Gawthorne, who has headed Pruventure since its establishment last year. "It came as a bolt right out of the blue," says Dr Allam, who understandably did not relish the prospect of finding himself under a new boss after years of running his own show.

That is not to say that Prutec has failed. It will continue to carry its name and fund after the merger in the autumn, but will be jointly managed by Pruventure with its own team.

Yet Prutec has signally fallen short of its parent's hopes. Out of the £40m it has invested so far, it has lost £6.6m on companies which have either collapsed or been sold at a loss, and written off another £2m on development projects which never came to fruition. On the credit side, Prutec can claim a mere $1m profit (£708,000 at current rates) on a £2m investment in Biosearch, a genetics venture sold to a U.S. company.

The original plan was that Prutec would recycle such realisation gains into new investments. But Ron Artus, chief investment manager at the Pru says: "We had hoped that recycling would have built up to a much greater degree that it actually has."

To be fair to Prutec, every venture capitalist knows that bad investments usually turn sour faster than good ones become profitable; or as industry jargon puts it: "Lemons ripen before plums." Prutec, however, has had more than it fair share of lemons because of its almost total exposure to the riskiest end of an already risky venture capital spectrum.

When Dr Allam, 48, a former chemist with the National Physical Laboratory, took the reins in early 1981, he had an initial £20m allocation to invest in research projects. His brief was to work them into a commercially viable state, "remove the technical and financial risk," and license the results to industry.

That remit was soon broadened to include high technology start-up companies — which now make up three-quarters of the portfolio — as well as product development.

Of the 60 projects (as opposed to companies) backed by Prutec over the past five years, just 20 still survive. "In quite a few cases, somebody beat us to it by obtaining the technology earlier on," says Dr Allam. One example was a system for preserving food by saturating it with germ-killing gas. Gasbag, as it was aptly code-named by Prutec, had to be abandoned after the discovery that similar technology already existed in the U.S., by which time the project had absorbed £50,000.

British companies turned out to be reluctant to buy products they had not developed themselves, with the result that the six projects which Prutec has sold or is in the process of selling have all gone to U.S., Japanese or Dutch companies or UK subsidiaries of foreign groups. "That has been a great personal disappointment," says Dr Allam. Two more have got off the commercial starting blocks to be turned into a joint venture between Prutec and a UK company and a start-up venture backed by other venture capitalists.

It was in start-up company investment, however, that Prutec met its most expensive and widely publicised difficulties. At first, enthusiasm reigned while Dr Allam and his staff of five invested their full £20m allocation within 18 months of opening shop — a hectic pace of investment for a team of that size — only to be offered more by an impressed parent.

It looked as if one of Dr Allam's early starts was to be Dragon Data, a Welsh personal computer maker founded in 1981 by the now defunct toy company, Mettoy. By early 1983, Tony Clarke, Dragon's managing director, could justifiably claim that the venture had "taken off like a supersonic jet."

Twelve months later, a lethal mixture of technical problems, silicon chip shortages, bad publicity and increasingly tough competition had turned Dragon's euphoria into despair. The computer group went into receivership in June last year, with a total loss to Prutec — which owned 49 per cent of the equity — of £6m.

Morale at Prutec's Buckingham Gate headquarters took another knock later in 1984, when the group became involved in an embarrassing tussle with Walker Wingsail Systems, a developer of fuel-saving sail and computer systems for modern cargo ships, in which Prutec holds a 25 per cent stake. Mrs Jean Walker, company secretary and the founder's wife, went on hunger strike when Prutec asked the pair to resign as directors as a condition of its underwriting a £500,000 rights issue.

Prutec held its ground and the pair raised their cash independently, but the episode illustrated harshly the difference between rounding up exciting new investments and managing them afterwards.

Last year, Prutec was only able to make two company investments (it has backed 25 ventures to date). That partly reflects a dwindling number of suitable propositions, but more importantly, it reflects the extent to which Dr Allam and his staff were finding their hands full coping with the inevitable growing pains faced by earlier investments.

One way out of the problem — and to improve Prutec's image — was to seek a more balanced portfolio by putting money into less risky situations, like management buy-outs and established companies needing development capital. But that meant poaching on Pruventure's territory.

Quite apart from the Pru's anxieties about Prutec, it made little sense to run two operations with converging interests in separate buildings in Holborn and Buckingham Gate. Mr Artus believes there could be considerable benefits from uniting the Prutec team's technically-based skills with Pruventure's general financial background, while their combined £100m portfolio will have the balance that Prutec so notably lacked.

"We might have had a closer association from the beginning if we had had Pruventure then," says Mr Artus.

One thing, however, is sure. Dr Allam, who plans to leave in September to start his own speciality chemicals company, strongly believes that there is no room for two chief executives in the new grouping.

An interview with Sir Kenneth Berrill

City regulator gets into gear

By Barry Riley, Financial Editor

"I'M A REGULATOR, a watchdog and a policeman, in that order," says Sir Kenneth Berrill chairman of the Securities and Investments Board.

This week Sir Kenneth gave his first full interview since taking the reins of his new job. Although he was appointed last March, he took several months to shed other responsibilities and only this month has he moved on a full-time basis into the SIB's temporary premises in Watling Street.

He sees the three roles as being different, but as all part of the same package. "Most of the time will be spent on systems and rulebooks. Then there will be monitoring to make sure the rules are being carried out. Finally there is the policing, although on the whole you are expecting the exchanges themselves to be the policemen."

Two weeks ago, the SIB took its first major initiative by calling in around 100 representatives of the financial services industry for a briefing on the urgency of the need to consider new self-regulating organisations.

It was a signal that the pressure is about to be stepped up. "We will have to take a high profile in the course of the next six months in order to carry credence with Parliament," says Sir Kenneth. The Financial Services legislation which will formally endow the SIB with statutory powers is expected to be launched as a bill in November, and is due to be enacted roughly a year later.

"If you lay out from the very beginning how you intend to use your powers, and Parliament gives them to you on that basis, then it is very difficult for anybody who wants to criticise what you have done in a particular case to go to the courts and attack you on it," he contends.

Sir Kenneth, along with a growing team which at present consists of 10 fellow board members and 10 executives, faces a daunting task. He has just 18 months to put into place a comprehensive system of regulation straddling the whole field of savings and investment.

On the present timetable, in early 1987 it will become an offence to operate in any investment market in the UK without an authorisation from the SIB or, more probably, from a self-regulating organisation (SRO) to which the SIB has delegated the appropriate powers.

It is also possible that a parallel body, the Marketing of Investments Board, will have jurisdiction over the marketing of life assurance and unit trusts. Mr Mark Weinberg heads the Marketing of Investments Board Organising Committee (MIBOC) but there has been controversy about the wisdom of having a separate authority.

In the event the argument has been defused by the decision to operate the SIB and the MIBOC with largely the same staff from the same premises and it could be that the MIB will eventually be turned into a sub-committee of the parent SIB. Both bodies are providing each other with all their important board papers.

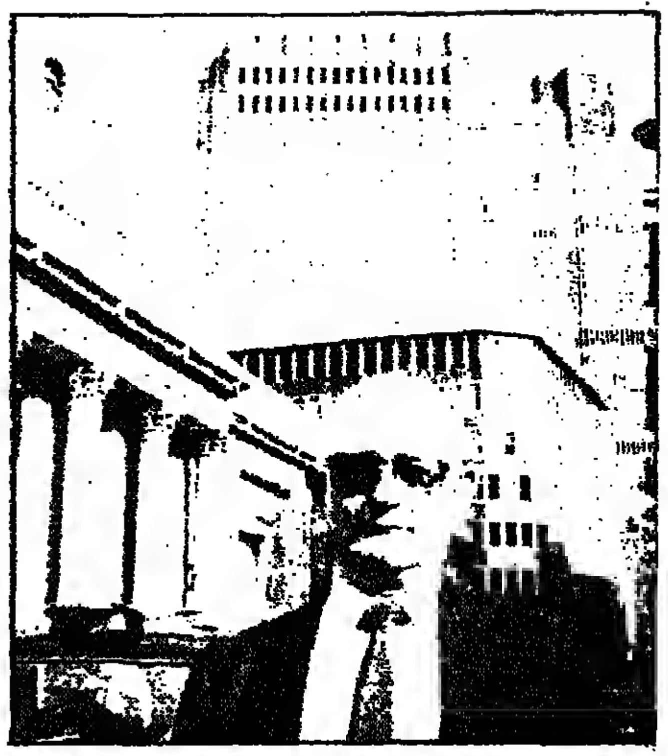
In some ways the MIBOC faces the more daunting task, with the need to regulate perhaps as many as 100,000 people who in one way or another sell savings products to the public.

As for the SIB, there is the advantage that several SROs already exist such as the Stock Exchange and the National Association of Securities Dealers and Investment Managers (Nasdim) while an Association of Futures Brokers and Dealers is being formed.

But there remain yawning gaps in the coverage. All Eurobond traders, for instance, will require authorisation, a fundamental change for a market which has flourished in London precisely because it has been unregulated.

If the Eurobond traders cannot agree on forming their own specialist SRO they could seek some form of associate relationship with the Stock Exchange or Nasdim, or opt for direct registration on an individual basis with the SIB.

"There are various ways of skinning the cat, but it will have to be skinned by the beginning of 1987," says Sir Kenneth.



Sir Kenneth: watchdog and policeman

Another area for particular attention is the field of investment management, where the scope for a specialist SRO is being explored by a working party headed by Mr Nicholas Baring of the Baring Brothers merchant bank.

There is also the question of the so-called over-the-counter markets which operate outside the Stock Exchange.

In the meantime, the SIB has to get on with the job of drawing up its own rule book. The aim is to make it available in the form of an exposure draft by the end of the year.

It will provide a model for the various SROs.

The areas to be covered include:

- Authorisation procedure including fit and proper rules dealing with personal conduct and financial soundness;
- Organisational aspects including record-keeping and separation of clients' accounts;
- Dealing rules, including interpretation of the law of agency;
- Disclosure requirements;
- Operational rules, describing how the various principles are going to be put into practice in the market place;
- Disciplinary procedures;
- Compensation funds.

"That's a hell of a lot of things to do," says Sir Kenneth emphatically. He reckons that the whole of the first nine months of 1986 is going to be filled with detailed discussions with a wide variety of people about the acceptability of rule books.

There is an implied warning that if an acceptable rule book cannot be compiled, the alternative of direct registration with the SIB will not be a soft or cheap option.

The SIB is still a long way from getting its own finance in order. Eventually the legislation will give its powers to impose charges on the investment markets and the practitioners within them, but for the time being it survives on loans from the Bank of England.

Curiously, it is structured as a company limited by guarantee, and originally Sir Kenneth and his deputy Sir Martin Jacomb guaranteed £1 each. It now has the princely capital of £11.

In a couple of months time, however, it hopes to move to its own premises. It wants around 15,000 sq ft somewhere right in the centre of the City.

Whether the SIB will need all the space in the short run is not clear, but it is seeking some elasticity in view of the uncertainty about the size of the task of processing applications which might confront it at the beginning of 1987.

Meanwhile, the executive team is still being built up, and indeed there are still several vacant chairs on the board itself. But Sir Kenneth insists "We are not waiting around for more people before we get into top gear."

Letters to the Editor

Disappearance of SERPS

From Mr S. L. Gooch

Sir,—In Eric Short's article on July 8 in connection with the Government's Green Paper on Social Security Reform reference is made, in the final paragraph, to a speech made by Mr John Stone of Target Life, I quote:—

'However, Mr John Stone, managing director of the Target Group, foresaw exciting times for life companies marketing personal pensions. He saw the market for life companies as group schemes for larger employers and personal pensions to high-flyer executives.'

To me this sums up better than anything else the damage which discontinuing SERPS is going to do. Who is going to look after and provide for employees in smaller companies who have no pension arrangement at present? Clearly not the life offices. It is precisely such employees who felt that they could depend on SERPS to give them a decent pension and who now will have to depend upon the vagaries of money purchase — if they can find someone to offer them anything like a reasonable deal.

It should not be forgotten, in considering the impact of the Green Paper, that the purpose of pension provision is to ensure that pensioners are able to enjoy an acceptable standard of living in retirement.

S. L. Gooch.
61, Brook Street,
London, W1Y 2HN.

Advertising and conveyancing

From the past chairman of the British Legal Association

Sir,—Your contributors (July 15) writing of solicitor advertising and conveyancing, at times fail to project the facts fully and accurately.

At the Law Society annual general meeting in London on July 3, the proxy votes cast *against* individual solicitor advertising (as opposed to institutional/corporate informative advertising designed to assist the public) numbered 3,407 and those in favour 3,420 a difference of a mere 13 votes. The wishes of the whole profession are now to be tested in *a postal ballot* and, provided that the questions are framed in a straightforward manner, I expect that solicitors in England and Wales will vote no less emphatically than their brethren in Scotland who, in a similar ballot, voted 2 to 1 *against* advertising.

Advertising has not, as Sue Cameron claimed, reduced the cost of conveyancing. What has happened in the main is that those solicitors over-dependant on conveyancing have reduced their charges, sometimes to ridiculous levels, out of fear that otherwise Mrs Thatcher (the self-proclaimed champion of the small man) will allow banks/building societies to do conveyancing, albeit against the public interest and in face of the certainty that the banks will rip off house buyers as they do the beneficiaries when dealing with deceased's estates. Other solicitors whose conveyancing charges have always been on the low side are contemplating increasing them to more realistic levels. We cannot subsidise conveyancing.

Stanley Best.
116 London Road,
Southborough,
Tunbridge Wells, Kent TN4 0PN.

Projects to fight starvation

From the Hon Secretary of the Farm and Food Society

Sir,—While the news that a privately funded international project to be launched to fight starvation in Africa (July 12) is most welcome, caution is surely needed when transferring the Indian "green revolution" to that region.

The success in India was for large farmers who could afford the "package of production practices" — including high technology and chemical farming (a side-issue having been the recent Bhopal disaster). Smaller farmers were put out of business and swelled the ranks of the urban unemployed. Mr Borlaug has said that the technology for Africa has to be tested on hundreds of farms and married to economic policies which would allow small farmers to adopt it. This is vital for its success: it is equally important that the American scientists involved (and any others from developed countries) should be prepared to work alongside African farmers and learn from them as well as imparting knowledge.

J. Bower.
4 Willifield Way,
London, NW11 7XT

Minimal value of North Sea oil

From Mr I. E. C. Grant

Sir,—Besides providing funds for the unemployed, it seems that the value of North Sea crude oil to our economy is minimal. Even the bolstering of the pound does not help *manufacturing industry*.

Since very considerable profits have been created once major fields are in full production, there has been a tendency for such producers to sell part-shareholdings to other companies which can take advantage of their tax position against development costs of new fields. This is probably seen as not undesirable by the Government as a way of encouraging the development of new fields, but it is a manoeuvre that does little for the economy particularly if the EEC prevents a "buy British" policy on field equipment.

When British coal was exported worldwide the development helped very considerably to create a merchant fleet in international trade that was second to none.

If the tax fence round a British company producing oil in the North Sea was widened a little to allow that company to include in its tax allowances a means of transporting oil from UK terminals worldwide by owning a few British flag oil tankers, with almost no cost to the Government over a short period, the merchant fleet would be expanded and employment created in part of the UK that desperately needs such employment.

Such action would attract the attention of British shipbuilders who would attempt to saddle such shipping companies with high cost new vessels that might not be viable. However, some first-class ships could be secured from the second-hand market where the downward loss-making risk (to scrap value) will be extremely low.

In spite of the weakness — current and projected — of the shipping market, such low cost companies could remain viable. Greek shipping costs are now similar to our own and although we may both be undercut by the Far East, we could survive and even prove profitable, thereby creating employment at no cost.

I write with great feeling, having chartered the oil tanker Theogennitor to lift the first oil produced from the British sector of the North Sea. Excitement at the expectations for the economy of this little island has long since been squeezed dry by successive governments.

I. E. C. Grant.
Petrian Shipping,
17 Queen Anne's Gate, SW1

Late delivery of first class mail

From Mr J. D. Sutherland

Sir,—An alarming proportion of "first class" mail sent to other parts of the UK, in particular to the London area, takes up to four days to reach its destination.

The service in post offices is appalling as dwindling numbers of demoralised counter staff try in vain to cope with long queues of hostile customers.

It is not, therefore, surprising to learn from Robin Pauley's article (July 12) that the Post Office made a profit of £70m rather than the £60m forecast. No company subject to competition would even survive if it treated its customers in such a ruthless manner.

J. D. Sutherland,
41 Westella Way,
Kirkella, Hull.

Local authority spending

From members of Merton SDP

Sir,—We believe that wider publicity should be given to the lengths to which the Thatcher government's repressive legislation on local authority spending is driving a model Tory council.

No local authority has embraced the free market ideology more enthusiastically than the London Borough of Merton. It has initiated extensive (though dubiously beneficial) schemes to privatise its services, sold off its assets and imposed (with expressions of regret) drastic expenditure cuts to comply with Mr Jenkin's arbitrary targets.

By this prudent housekeeping, it has now built up reserves of £60m. But it cannot use these savings to restore some of the cuts in its services, because this would attract grant penalties. Even Merton *recognises* that there *is* something bizarre in this, and its answer to this 'Catch 22' is to embark half of those reserves upon the stock market because it appears that the profits made thereby would be free from the constraints affecting the reserves in their original form. It proposes to call this venture a Services Protection Investment Fund and promises that the Director of Finance will be in daily contact with his stockbrokers.

Leaving aside the propriety of spending ratepayers' money in this novel way, it must be an indictment of current policy that even true believers like the London Borough of Merton are looking for ways to launder their money so that it can be used for the purposes for which it was originally raised.

The thrifty householder to whom Mrs Thatcher is so attached would surely think it odd to be told that the only way she could use her savings to mend the roof would be by paying someone to take them away from her for a year and then paying him to give them back, in the hope that some modest taxable increase may have accrued.

Meanwhile the roof falls in.

Michèle Barrons,
Christina Fellner,
Neil Rennie,
Mary Minto.
57, Pelham Road,
[illegible]

Injustice of tax allowances after retirement

From Mr R. J. Cruickshank

Sir,—The article by Christine Stopp, entitled "Beating age erosion allowance" (June 29) conveyed some helpful advice for the retired, as indeed do many of your regular features. Such items, however, highlight a disturbing aspect of our society, namely the widespread concern among the elderly over money problems and the rising costs of living in retirement.

The couple whose case was *detailed* in the article mentioned are better off than most; but many with smaller retirement incomes find the tax demand a significant factor in the decline of living standards. The problem, by providing the additional allowance known as "Age Allowance," but many of the elderly do not receive it, and much resentment is occasioned by the rules applicable to those whose income just exceeds the qualifying figure.

The Age Allowance for a single man, or a single woman, is £2,690, which might enable one person, for example, to have a Retirement Pension of £35 per week, plus an occupational pension of £16 per week, free of tax. For a married couple, however, the allowance is not double, i.e. £5,380, but only £4,255. Thus a large slice of occupational pension due to tax.

The chief injustice to married couples occurs when the combined gross income reaches £8,800. Thereafter Age Allowance is reduced by £2 for each additional £3 of income received. This means in effect that the husband *is* now paying income tax at 50 per cent, a rate that would not be levied on an employed person unless he earned £24,000 per annum. This rate applies until income reaches £10,000, when all the advantage of the Age Allowance has been cancelled out. This is surely indefensible.

It should also be remembered that the 65-70 age group those who bore the brunt of war-service in the period 1940-1946, with consequent interruption of careers. In addition, many have suffered reduced pension rights through having been employed in private firms lacking facilities for transfer of contributions.

Certainly a fairer system of tax relief for the elderly should be devised. Opponents of a flat rate will argue that the rich should not receive concessions purely on account of age, but a gross household income of £200 per week does not constitute affluence today.

R. J. Cruickshank
Glenorchy, Wormit,

BUILDING SOCIETY RATES

	Share	Sub'pn	Other	
Abbey National	8.25	9.25	9.52	Seven-day account
			10.75	Higher interest account 90 days' notice or charge
			7.00/8.52/10.00/10.50	Cheque-Save
			11.00	High rate bondshare
Aid to Thrift	8.80	—	—	Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00	BankSave. Balance of £2,500. Current account. Balance under £2,500, 9.00. Minimum initial investment £500
			10.00	Gold account. Minimum investment £500. Imm. wdl.
			11.00	Premier ½-yearly/mthly. min £1,000. Imm wdl. (pen.)
Anglia	8.25	8.25	10.00	Instant gold. Annual int. No notice or penalty
			10.75	3-year bd. 90 days' not./pen. Differential 2.5 guaranteed
			11.00	Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75	2-year term share—£1,000+—3 months' notice
			10.10	Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	8.25	8.25	10.00	No notice, no penalty. £1,000+
			11.00	3 months' notice without penalty. £5,000+
Bristol and West	8.25	8.25	9.50	Plus account £1,000+. No notice. No penalty
			10.30	£20,000+. 10.10 £5,000+. 9.90 £1,000+
				7-day notice Triple Bonus. Also monthly income
			11.00	Special 3-month account, £5,000+, 3 months' notice
Britannia	8.25	9.25	10.80	90 days' notice
Cardiff	8.75	9.85	10.80	90 days' notice or penalty if balance under £10,000
Catholic	8.55	8.55	10.05	Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Guaranteed rate 2/3 years (or variable account)
Chelsea	8.25	9.25	11.10	Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.75	Gold. No notice No penalties. £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00	7 days, 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	8.60	8.75	10.25	3 months' notice—no penalty—monthly income
			9.95	7 days' notice immed. access for amounts over £5,000
Coventry	8.25	9.50	11.10	3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			10.75	Moneymaker £20,000+, 10.50 £5,000+, 10.25 £1,000+, instant access no penalty, monthly income option
Derbyshire	9.25	9.50	11.00	2 years, 3 months' notice. 10.75 monthly income
Frome Selwood	8.25	10.50	10.80	90-day account, instant access for balances over £10,000
Gateway	8.25	9.25	10.75	Gold star £20,000+ No notice. No penalties. 10.50 £5,000+ 10.00 £1,000+
Greenwich	8.25	—	10.80	60-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.85	5 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	8.25	8.75	Instant Xtra. Immediate withdrawal no penalty
			10.75	90-day Xtra, 90 days' notice no penalty (£500 minimum)
			10.60	Premium Xtra (£10,000 min.) guaranteed 2.00 diff. 3 yrs.
Heart of England	8.25	9.50	11.00	and 10.75 High Interest. 10.00 90-day notice
Hemel Hempstead	8.25	9.75	11.00	90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10	7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.80	1-year certain minimum £500 monthly income £5,000
Lambeth	8.40	8.50	8.90	7-day a/c, 10.25 Magnum a/c 5 weeks+loss of interest
Leamington Spa	8.35	—	10.50	Super share, no notice, 14 days' pen. £2,000 minimum
			11.10	Super share, no notice, 14 days' pen. £5,000 minimum
			11.40	Super share, no notice, 14 days' pen. £20,000 minimum
			10.50	High flyer, no notice, no penalty, £5,000 minimum
			10.75	High flyer, no notice, no penalty, £20,000 minimum
Leeds and Holbeck	8.25	10.00	11.00	Monthly interest, 10.25 28 days' notice, 10.80 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	8.25	8.25	10.75	Limited edition £5,000 3 months' notice or 90-day pen.
			10.25	HRAS 3 mths.' not., 10.00 Liq. Gold no pen./no notice
Leicester	9.25	9.25	9.60	£500+ immediate withdrwl. no penalty, 10.75 £10,000+, minimum 1 year, 10.25 £2,000+ minimum 1 year
London Permanent	8.75	—	10.25	80 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	8.25	—	11.00	Prestige £10,000+ 2.75 gtd. 3 yrs. 3 mths.' notice/pen.
			10.75	P. £500-£9,999 2.5 gtd. 3 y. 3 m. not./pn. M. inc. £1,000
Mornington	9.80	8.25	9.80	£2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	†8.55	8.50	10.55	90 days' notice, no penalty. † £1,000+
National and Provincial	9.25	8.25	10.75	APEX 3rd iss. (+2.50 gtd. 3 yrs.) 50 days' notice/pen.
			10.75	Special share 60 days' notice/penalty unless £10,000+
			10.25	Money man. £10,000+. No notice, no penalty
Nationwide	8.25	8.25	10.75	Capital bonds, 3 years, 30 days' notice/penalty
			10.75	Bonus-90 £20,000+, 90 days' notice/penalty
			10.50	Bonus-90 £10,000-£19,999, 90 days' notice/penalty
			10.25	Bonus-90 £200-£9,999, 90 days' notice/penalty
			9.75	Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	9.50	10.25	60 days' notice, 8.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.75	Moneyspinner plus £20,000 or more, instant access
			10.25	Moneyspinner plus £10,000 or more, instant access
			10.00	Moneyspinner plus £5,000 or more, instant access
			8.75	Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80	7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	8.90/10.40	Immediate withdl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85	pa "85" shares—85 days' notice—monthly income
Portman	8.25	10.50	10.25	Flexi-plus. Minimum £500. No notice, immediate withdl.
			10.65	Premium. Minimum £500. 2 months' notice. No pen.
Portsmouth	8.40	9.90	11.20	5-year, 11.00 3 year, 10.85 90-day, 10.25 30-day
Property Owners	8.75	10.25	10.55	3 months, 10.25 6 months, 10.10 28 days, 10.00 im. ac.
Scarborough	8.25	9.50	10.45	Over 55s no penalties M.I. minimum £250—10.15
Skipton	8.25	8.60	10.80	Sovereign £10,000+, 10.30 £500-£9,999 monthly. Income
			10.30	minimum investment £2,500. Instant access no penalty
Stroud	8.25	9.00	11.00	2-year term. Notice accounts 10.75 3 months. 10.25 1 month
Sussex County	8.25	8.70	9.60	7-day. 9.90 Sussex High. 10.75 90-day
Thrift	8.20	—	10.20	3-year term. Other accounts available
Town and Country	8.25	—	11.00	2-year term £10,000+. 10.75 £500-£9,999 withdrl. avail.
			10.75/7.00	Moneywise cheque/Visa. Int. varies with balance
			10.75	Super 60 ½-year interest £500, wdl. available, mth./inc.
Wessex	10.10	—	—	No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75	Prime—no notice, no penalty, minimum £500
			9.75	Monthly income shares, 28-days' notice
			10.75	Capital, 90 days' notice/penalty
Yorkshire	8.25	8.25	10.15	Diamond key, 28 days' notice or 28 days' penalty
			11.05	Platinum key, 60 days' notice or 60 days' penalty

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

Extel in £19m cash call for racing service facelift

BY CHARLES BATCHELOR

Extel Group, the specialist news agency and advertising group, is raising £18.9m through a one-for-five rights issue at 280p per share. Most of the funds will improve the racing service supplied to bookmakers nationwide.

Mr Alan Brooker, the chairman, said Extel had decided to go ahead with the rights issue, which had been underwritten by its merchant banker, Hill Samuel, despite the recent downturn of the stock market. "The market is not as much against us as it was a few weeks ago," he commented.

Hill Samuel said the sub-underwriting of the 7m shares, arranged by stockbrokers to the issue, Hoare Govett, had gone very smoothly. Extel's shares fell 15p to 333p yesterday, giving a discount of 16 per cent.

The rights will help fund a £22m investment programme in the year ending March, 1988. Last year Extel invested nearly £10m.

Between £12m-£14m is earmarked for the introduction of colour TV monitors to replace existing monochrome receivers, which display racing prices and results in betting offices.

The monitors will also be able to display television coverage of racing meetings if, as expected, an order permitting television in betting offices is introduced later this year under the Betting, Gaming and Lotteries (Amendment) Act 1984. Extel believes this law change will increase demand for the equipment.

Sporting services contributed just over half of both profits and turnover of £8.75m and £37.7m respectively from sporting and financial services combined in the year ended last March. Extel does not give a detailed break-down of the two sides of its news agency operation.

Extel also plans to spend some of the rights money on printing machinery for its Burrups Printing Group and on the further development of Extel Computing, its on-line accounting and securities services.

Extel said it also wanted to be able to react quickly if it came across companies suitable for acquisition. It plans to increase its authorised capital from £12.8m to £15.8m by the creation of 12m new shares.

Net borrowings were £7.8m at June 28 1985, compared with shareholders' funds of £23.4m at March 31.

It expects to pay a total 1985-1986 dividend on the enlarged capital at least equal to the 6.75p paid in the 1984-85 year.

Mr Alan Brooker, chairman . . . going fund-raising with the market. "not as much against us as it was a few weeks ago."

Extel last made a rights in July 1981, raising £4.22m on a one-for-four basis at 176p per share. Since then profits have trebled, turnover has doubled and £51m has been spent on acquisitions.

Extel said yesterday it had made a reasonable start to the current year in most areas, though Digital Microsystems, its troubled U.S. computer subsidiary, had made a slow start in the UK and plans had been adjusted accordingly.

Extel increased pre-tax profits from £10.6m to £10.9m last year on turnover up £33m to £182m.

Microvitec warns of first-half profit drop

By Terry Povey

Microvitec, the Bradford colour monitor manufacturers, had more than a quarter of its market worth wiped out yesterday following a statement by the company that unexpectedly high start-up costs could see profits for the six months to June as low as £500,000—the market had been expecting as much as £2m pre-tax. Yesterday, the shares closed down 17p at 43p.

Also announced was a management reshuffle in which the finance director is to be replaced and a seperate post created for sales and marketing. Mr B Tasker, the existing finance director and also company secretary, is to leave the company, said Mr A Martinez, its chairman, yesterday.

Just over a year ago Microvitec was brought to the USM via a fixed price offer for sale at 180p a share. Apart from the 27 per cent of shares held by the Martinez family, Investors in Industry are the only other major shareholder with 17 per cent.

According to Mr Martinez, the company has been working hard on "transforming itself from a workshop into a corporation over the last two years." It has been trying to diversify out of the simple colour monitor market into more sophisticated products such as terminals. However, the monitors still account for 90 per cent of the company's sales.

Over the last two years, Microvitecs pre-tax margins have been under steady pressure, dropping from almost 24 per cent in the first half of 1983 to 14.6 per cent in the second half of 1984. Pre-tax profits in the first half of 1984 were £1.52m on a turnover of £7.1m. If the gloomy estimates from Mr Martinez are confirmed when the company reports its interims in early September, margins will have falen to 5 per cent on sales of around £10m.

However, Mr Martinez is confident that the present problems are only temporary. "The company's cash position remains strong and no call for extra funds is needed," he said.

Liberty Life wins £173m battle for Capital & Counties

BY MARTIN DICKSON

Liberty Life Association, a leading South African life assurance company, has won its £173m contested takeover bid for Capital & Counties, the British property group but it confirmed yesterday that it intended to retain Capital's stock market quotation.

Liberty, operating through its 75 per cent owned subsidiary TransAtlantic Insurance Holdings, gained control of Capital despite saying at the outset that its bid had been triggered purely by the technicalities of Britain's takeover code and it did not necessarilyl want to achieve a majority stake.

However, it has received acceptances for its 225p a share cash offer from the holders of 44.5 per cent of Capital's shares. Added to the 34.5 per cent already held, that takes its interest to 79 per cent.

The offer apears to have been taken up mainly by larger institutional shareholders, since 4,000 out of Capital's 5,000 investors have so far retained their stakes.

Capital's share price, which had languished for some time below the offer price, closed unchanged last night at 223p.

The offer has now gone unconditional, and has to remain open for another 14 days, when the final level of acceptances will be become known.

Mr Donald Gordon, chairman of Liberty Life, said yesterday that while he had been "relaxed" about whether or not control was achieved, he was delighted with the level of acceptances.

Transatlantic had yet to decide how large a market it would try to maintain in Capital shares. Factors to be taken into account included the views of the Stock Exchange and the profile of non-accepting shareholders. TransAtlantic would like to retain 75 per cent of the shares, and possibly more, depending on circumstances.

Capital, for its part, yesterday noted commitment to retain a listing and said it believed shareholders would best serve their medium and long-term interests by retaining their shares. It reiterated that the offer understated "the present value and future prospects of the company."

TransAtlantic said it intended to continue the existing business, policy and operations of Capital, whose managing director, Mr Dennis Marler, had agreed to go ahead with a previously-announced plan to assume the chairmanship of the company later this month.

Burns holders reject U.S. placing terms

By David Goodhart

AN EXTRAORDINARY general meeting of Burns-Anderson, the shopfitting and financial services group, has rejected the company's terms for raising £2.1m in the U.S.—principally from the Johnston Group, a subsidiary of Johnston Industries.

A number of significant investors accepted the advice of stockbrokers Dunkley Marshall that the convertible loan stock part of the offer to Johnston should have been made available to all shareholders.

Consequently, the proxy card voting gave only a two to one backing to the resolution in favour of the placing — below the 75 per cent majority required.

Mr Derek Heop, a director of Burns-Anderson, said that the board still considered the deal — which would have given Johnston 22 per cent of the total share-capital — of benefit to the company. The money raised was to have been used to reduce bank borrowings.

Mr David Clark, a partner in Dunkley Marshall, said the terms of the placing had been unfairly advantageous to Johnston but that if similar terms were offered to his clients "I'm sure they would accept."

Mr Paul Johnston, chairman of Johnston Industries, was not available for comment.

Burns-Anderson's share price rose ½p to 54½p yesterday.

McCorquodale defends offer

McCorquodale, the fast-growing specialist printer, last night released its offer document in respect of its £12.4m contested bid for book printer Richard Clay.

The document stresses the growing need for economies of scale to accommodate the new technology in an industry increasingly polarised between big and small groups. It also emphasises the success of McCorquodale's several recent acquisitions.

Clay's turnover rose 13 per cent last year to £22.3m and pre-tax profits were £1.35m but McCorquodale—with a turnover of £122m and pre-tax profits of £8.1m—is making much of Clay's recent failure in Singapore and with a colour printing operation in Norfolk.

In the battle of statistics McCorquodale has plenty of ammunition. It charts sales 82 per cent higher in 1984 than 1979 compared with Clay's 25 per cent increase; pre-tax profits 75 per cent higher than 1979 compared with Clay's fall of 36 per cent; dividends showed an increase of 47 per cent compared with Clay's 7 per cent; and the McCorquodale share price increased by 265 per cent over the five year period compared with a Clay increase of 11 per cent.

About 32 per cent of the group's sales came from outside the UK last year. The three UK divisions—of almost equal size—are publishing books and magazines; security printing extending to credit cords, Government documents and playing cards; and commercial printing and packaging.

Clay has stated that the near 60 per cent of the UK paperback publishing market which a merged group would control is not popular with customers but Mr Holloran, McCorquodale's managing director, said: "Large publishers are now starting to see the sense of it. Paperback printing is now very flexible and there is no danger of excessive control."

Mr Hugh Richardson of S G Warburg, acting for Clay, said there was a lot of history in the document but no strategy for the future and that McCorquodale's accounting policy had been changed with regard to the capitalisation of research and development which boosts profits.

The offer is 10 McCorquodale ordinary shares for 11 Clay with a cash alternative of 130p a share. The first closing date is August 9. Both share prices remained static yesterday with McCorquodale at 133p and Clay at 143p.

Scottish Northern receives approaches

Scottish Northern Investment Trust, which has total assets of £178m, announced last night that it had received approaches which might lead to an offer being made for the company. It did not name any other party.

Two months ago the trust announced plans for its investment managers to join Stanecastle Assets, a fast-growing Edinburgh concern run by Mr Willie Forsyth. Scottish Northern has been managed since its foundation in 1908 by Paul & Williamsons, an Aberdeen firm of solicitors.

However, the Stanecastle plan is known to have run into competition from several alternative proposals put to Scottish Northern.

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The Stanecastle proposal would involve a change in investment policy to emphasise capital, instead of income growth, and to increase substantially the trust's exposure to foreign stock markets.

Woodhead runs into £1m loss

Jonas Woodhead & Sons, the Leeds-based vehicle suspension specialist, has suffered a sharp setback to its recovery with a pre-tax loss of £1.18m for the year ended March 31 1985. This compares with a £662,000 profit previously which followed three successive years of losses.

The company has also announced a restructuring programme and has provided £5.5m for its estimated potential costs, as an extraordinary item. A total charge of £6.51m includes, in addition, the costs of closing the Christie works in Sheffield and the spring making plant at Manchester.

Woodhead's restructuring will concentrate the group's efforts on its stronger business, where it has competitive advantage, and is intended to eliminate losses and negative cash flows elsewhere.

The programme will involve a substantial reduction in shareholders' funds, but should also generate cash resulting in a significant reduction in gearing.

The group has renegotiated facilities with its bankers and believes the level of bank support is sufficient to finance the group's needs, including the restructuring programme.

Woodhead expects to be able to report major progress in the programme, including certain specific transactions in the near future.

In the meantime, management accounts for the first three months of the current year show a profit before tax and there has also been a significant reduction in borrowings since the year end.

The company is paying a same-again dividend of 0.1p net. Loss per share came to 9.2p

Interest charges for the year increased to £1.4m (£1.17m)

● comment

Jonas Woodhead's grisly announcement slipped into the market late yesterday when senior directors had already decamped for the weekend but there was still time to knock 3p off the shares to 28p before the market closed. Second half losses have jumped to £852,000 so that even after a brief return to the black in 1983-84 the company has lost a total of £7.7m at the pre-tax line over the last five year. Lower down the account the news gets worse. Woodhead had already flagged some closures earlier in the year but a £6.5m extraordinary charge below the line, including £5.5m against restructuring still to come, was totally unexpected. Shareholders' funds are now down to around £8.3m, somewhat less than total borrowings to judge by the statement. There may be a faint glimmer of sunshine through the gloom—the company has made a profit so far this year. But Woodhead may not retain its independence long enough to prove that it can sustain that profitability. IEP Securities, the Australian vehicle of Ron Brierley has a 12½ per cent stake and someone, somewhere was trying to pick up stock yesterday. A bid may not be far away.

Another U.S. bid by Saatchi

UK's largest advertising agency, is continuing its buying spree with the proposed purchase of Clancy, Shulman and Associates, a Connecticut marketing research and consulting company, for an initial $2m (£1.43m).

Saatchi will make additional payments to raise the total to ten times average after-tax profits of Clancy in the years 1986 to 1990. A further payment may be payable in 1991 if Clancy achieves other performance targets.

Shulman made pre-tax profits of $274,000 on revenues of $1.46m in the year ended July 31 1984. It is budgeting for pre-tax profits of $847,000 on revenues of $3.38m in the current year.

Saatchi has carried out more than a dozen acquisitions in the past three years in pursuit of a world-wide spread of business and a breadth of activities covering advertising, public relations, management consultancy and market research.

Vantona clearance

The agreed takeover bid by Vantona Viyella for Nottingham Manufacturing has been given the green light by the Secretary of State for Trade and Industry, Mr Norman Tebbit, who has decided not to make a referral to the Monopolies Commission.

Vantona is offering three of its own shares for every four shares in Nottingham.

Cowan de Groot sets up base for growth

THE DIRECTORS of Cowan de Groot have taken steps which they feel will provide a sound basis for growth. As well as putting into effect internal measures, they are making two acquisitions at a cost of some £2.5m.

Funding will come through a facility for a £2,525,000 five-year term loan from Hong Kong and Shanghai Bank.

A loss in the Richard Kelley subsidiary has held back group profit growth in the year ended April 30, 1985, and it is up only £7,000 to £887,000. On top of that, a higher tax charge has cut the earnings from 3.8p to 2.9p, but the directors are holding the dividend at 2p net with a final of 1p.

In the first few months of the current year, Kelley has traded profitably, and the group overall is showing an improvement.

The group imports and makes toys and giftware, and wholesales electrical and hardware products. Turnover in 1984-85 came to £26.63m (£26.69m) and the gross profit to £7.81m (£7.79m). The tax charge was £355,000 (£227,000).

The directors report that the past two years have seen a great deal achieved, particularly in restoring profitability of a number of loss making companies in the group. Successful measures in that direction were taken with Norman Rose, The Russian Shop and EWL Electric.

Cowan is acquiring W. Napper (Factors) which is a wholesaler to the DIY, ironmongery and hardware trades, and has a substantial wholesale distribution network based around its premises in West London. Consideration will be £1.63m, of which £1.13m will be cash and the balance in non-interest bearing loan notes repayable after one year.

In the year 1984 Napper produced sales of £3.1m and profit before tax of £370,000. At the end of the year its net assets came to £1.45m. Shareholder approval will be sought for this acquisition.

The other acquisition is I. L. Bondy, which comprises three separate trading entities. These are S. and I. Bondy, which imports an up-market range of pottery and porcelain figures; K. F. Mayer, importer of giftware which is sold mainly to the wholesale trade; and Burgoyne and Company, which imports quality cut glass items from Europe and sells to retailers and jewellers throughout the UK.

Consideration amounts to £900,000 cash, of which £500,000 has been paid and the balance is due in a year's time. In 1984, Bondy group made a profit of £50,000 pre-tax on sales of £3.2m, and its net assets at the year end were £1.4m.

● comment

Cowan de Groot had budgeted for a £200,000 contribution from Richard Kelley. Instead the subsidiary turned in a £40,000 loss+ a big purchase of hand tools turned sour and had to be written off. Other negative features were the weakness of sterling, which raised import costs, and the rise in interest rates at the height of its pre-Christmas borrowing period. Now Richard Kelley is under new management and should contribute £100,000. The new acquisitions offer good growth prospects, especially Bondy which could quadruple profits. On the downside, paddling pool and garden furniture sales have been dampened by the summer rain; the pound is higher now but the group is vulnerable to any fall; and higher gearing will raise interest costs. Optimism about the acquisitions seems to have more than outweighed disappointment over the figures and the shares rose by 1p to 35p, putting them on an historic p/e ratio of 12.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Atlantic Assets	0.55	Oct. 24	0.5	0.55	0.5
Black Arrow	2.7	Oct. 1	2.25	4.2	3.5
Bristol Post	14	—	12.5	21.5	16.5
Bromsgrove Inds.	0.7	—	0.87*	1*	0.92*
Cardiff Property ......int.	0.6	—	0.8	—	1.75
Cowan de Groot	1	—	1	2	2
Glasgow Stkhldrs. ...int.	0.85	Aug. 26	0.75	—	2.05
Parkfield Group	1.8‡	Nov. 15	nil	2.4	nil
Penny and Giles	1.35‡	—	—	1.35	—
Real Time Control	2‡	Oct. 14	2	2	2
Rexmore	0.33	Oct. 2	0.86	1	1.46
Thorpac Group	1‡	—	1	2	2
Jonas Woodhead	0.1	—	0.1	0.1	0.1
Wyndham Group	1.5	—	1.5	1.5	1.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri July 19 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur July 18 Index No.	Wed July 17 Index No.	Tues July 16 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (205)	497.85	−0.2	11.37	4.52	11.07	8.47	499.09	497.71	491.39	458.88	577.15	22/1	484.53	10/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	533.71	−1.1	12.42	4.96	9.89	9.87	539.54	533.68	521.95	412.74	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	811.06	−0.5	12.36	5.09	10.45	16.69	815.51	792.85	776.74	611.98	815.51	18/7	684.17	8/3	831.89	15/3/83	71.48	2/12/74
4	Electricals (14)	1337.27	+0.2	11.81	5.49	10.76	31.82	1335.09	1325.41	1318.62	1447.95	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1349.51	+0.3	11.26	3.60	11.76	16.06	1345.85	1359.05	1310.17	1627.48	1977.60	9/1	1260.78	3/7	2049.85	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	269.85	−0.2	12.18	5.18	9.95	5.36	270.27	270.17	273.18	234.64	316.14	13/5	269.85	19/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	182.16	−0.8	13.64	8.53	9.18	4.13	183.70	184.33	186.30	173.22	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (16)	151.86	+0.8	14.20	5.52	8.74	3.20	150.59	149.80	150.30	114.52	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	876.81	−0.7	7.99	3.81	15.15	14.56	882.91	877.07	883.30	605.74	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (177)	639.91	+0.5	10.02	4.08	12.39	10.41	636.45	636.11	635.34	471.57	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (24)	615.34	+0.6	11.42	4.64	11.07	8.61	611.53	609.67	606.54	501.47	617.38	4/6	550.86	3/1	617.38	4/6/85	69.47	13/12/74
25	Food Manufacturing (21)	475.32	+0.2	12.43	5.12	10.19	11.86	474.59	477.00	479.74	363.28	513.86	12/3	473.30	3/1	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1509.01	+0.3	5.97	2.76	22.12	12.87	1505.07	1504.23	1503.87	1092.56	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1004.97	+1.6	6.68	2.94	17.55	11.23	989.50	987.95	994.13	771.93	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	597.90	−0.6	9.66	5.49	13.59	13.45	601.69	605.01	602.50	529.99	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1728.79	−0.1	8.90	4.47	14.47	37.18	1731.24	1728.93	1728.13	1186.37	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (13)	326.88	−0.1	10.83	4.55	10.95	6.10	327.17	326.87	325.70	215.30	344.58	12/6	286.34	3/1	344.58	12/6/85	43.46	6/1/75
34	Stores (42)	644.82	+0.6	7.89	3.35	17.17	9.30	640.75	638.28	634.23	399.67	660.85	5/6	529.47	19/2	660.85	5/6/85	52.63	6/1/75
35	Textiles (17)	309.71	−0.4	15.35	5.18	7.39	7.25	310.81	315.27	318.65	248.74	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	788.94	+0.9	18.44	5.45	6.11	17.44	782.00	780.01	775.49	608.04	1010.69	8/2	775.49	16/7	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	661.21	−0.1	9.81	4.25	12.93	11.15	662.05	656.84	642.74	417.00	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	682.78	—	15.06	5.42	8.21	15.59	683.16	681.23	682.91	555.48	832.26	22/2	681.23	17/7	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	188.08	−1.6	8.50	4.68	14.04	3.58	191.12	187.57	184.71	129.06	191.12	18/7	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1115.66	−0.2	8.86	4.71	14.01	25.43	1117.55	1114.99	1097.97	817.02	1201.81	23/5	958.08	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	803.10	−0.2	7.95	3.96	15.35	10.79	804.90	801.53	795.99	572.12	899.77	3/6	790.22	27/6	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (21)	850.23	—	8.80	3.82	15.19	13.20	850.23	839.41	802.94	0.0	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	615.08	+0.2	10.29	4.23	12.18	10.23	614.06	612.16	606.31	464.23	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1106.79	—	16.91	7.58	7.27	38.38	1106.53	1112.03	1116.43	1011.98	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	656.36	+0.1	11.17	4.68	11.18	12.49	655.39	654.07	649.00	518.19	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	468.90	+0.6	—	5.06	—	10.03	466.17	465.28	464.85	369.02	478.74	15/5	430.10	4/1	478.74	15/5/85	55.88	13/12/74
62	Banks (6)	489.99	+0.9	15.79	5.93	9.04	11.71	485.42	486.17	489.01	355.03	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	724.85	+0.3	—	4.48	—	14.71	722.87	716.67	716.22	503.36	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (17)	367.06	+0.8	—	5.32	—	8.53	364.08	363.10	361.81	279.71	369.61	19/6	303.16	25/2	369.61	19/6/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1027.23	—	9.14	4.03	14.63	20.10	1026.74	1042.35	1034.92	792.32	1248.78	15/3	1011.88	4/1	1248.78	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	228.79	+0.5	—	4.82	—	4.92	227.66	226.90	225.27	189.64	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	600.15	+0.7	6.24	3.93	21.50	9.28	595.86	594.73	592.98	556.02	653.36	13/5	585.78	10/7	653.36	13/5/85	56.01	20/4/65
70	Other Financial (25)	267.76	−0.2	9.18	6.06	13.31	7.33	268.33	266.06	264.62	229.28	296.92	6/2	261.35	28/6	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (107)	566.47	—	—	3.86	—	9.28	566.40	566.17	565.51	463.95	635.62	7/3	563.89	10/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	265.57	−0.4	12.22	5.77	9.49	5.29	266.64	266.64	264.33	257.26	311.08	15/4	261.68	12/7	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	615.34	+0.3	12.29	6.42	9.77	20.59	613.79	613.02	611.13	501.50	687.15	22/1	611.13	16/7	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	603.26	+0.2	—	4.73	—	11.70	602.04	600.90	597.11	473.41	644.21	5/6	581.08	3/1	644.21	5/6/85	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	July 18	July 17	July 16	July 15	July 12	Year ago								
	FT-SE 100 SHARE INDEX	1252.5	+3.9	1252.5	1246.2	1248.6	1247.3	1239.5	1243.6	1230.8	1009.8	1342.4	15/5	1296.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 19	Day's change %	Thur July 18	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.45	−0.01	118.66	0.20	6.71
2	5-15 years	131.76	−0.28	132.34	0.20	8.11
3	Over 15 years	138.75	−0.31	139.18	—	6.87
4	Irredeemables	149.69	−0.36	150.23	—	7.27
5	All stocks	129.89	−0.19	130.31	0.17	7.50
6	Debentures & Loans	112.33	−0.16	112.51	—	6.08
7	Preference	80.34	—	80.34	—	3.64
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	109.39	−0.02	109.41	—	1.95

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 19	Thur July 18	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.12	10.08	11.74	11.56	29/1	10.04	17/7
2	Coupons	15 years	10.22	10.16	11.48	11.20	28/1	10.12	17/7
3		25 years	10.22	10.16	10.86	10.72	29/1	10.03	2/1
4	Medium	5 years	11.01	10.95	12.81	12.39	28/1	10.93	17/7
5	Coupons	15 years	10.55	10.49	12.01	11.63	28/1	10.47	17/7
6		25 years	10.11	10.06	11.23	10.97	29/1	10.05	17/7
7	High	5 years	11.08	11.02	12.84	12.53	28/1	11.00	17/7
8	Coupons	15 years	10.68	10.63	12.12	11.76	28/1	10.61	17/7
9		25 years	10.21	10.17	11.28	11.03	29/1	10.16	17/7
10	Irredeemables†		10.06	10.02	10.74	10.49	28/1	9.89	12/7
11	Debs &	5 years	11.47	11.46	12.89	12.63	29/1	11.46	18/7
12	Loans	15 years	11.36	11.34	12.98	12.37	29/1	11.34	18/7
13		25 years	11.25	11.22	13.00	12.37	29/1	11.22	18/7
14	Preference†		12.29	12.29	13.43	13.14	29/1	12.29	15/7
15	Inflation rate	5%	3.70	3.69	3.93	3.72	16/7	3.11	11/3
16		10%	3.49	3.48	3.73	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

COMPANY NEWS IN BRIEF

RESULTS

BROMSGROVE Industries is raising its dividend to 1p net (equivalent 0.92p) with a final of 0.7p. Group makes castings in aluminium wheels contributing agricultural industries and turnover £5.38m (£5.18m) and pre-tax profit £212,000 (£285,000) for year ended March 31, 1985. Profit hit by dispute at major customer and substantial costs connected with the aluminium wheel business acquired in June, 1984. Prospects remain encouraging with aluminium wheels contributing satisfactorily, coupled with continued growth in turbo chargers market.

WYNDHAM GROUP achieved taxable profits of £110,914, against £91,560, on turnover inclusive of property sales up from £1.06m to £2.61m for the year to end-March 1985. The single final dividend is being held at 1.5p. Earnings per share declined from 10.68p to 4.98p after higher tax of £29,821 (£210). The group is a steel fabricator and general machinist.

ELECTRONIC MACHINE Company has lifted its profit from £15,000 to £28,000 for the half year ended March 31 1985, on a turnover of £919,000 (£949,000). The directors are forecasting maintenance of the 0.7p net dividend for the year. David Optical had a disappointing half year because of production problems. At Britannia Tool there are early signs of some recovery, while APT Radar Systems continues to make steady progress.

READICUT International's shareholders were told by Prof Roland Smith, the chairman, at the AGM that a very good start had been made to current financial year, with pre-tax profit at end of first quarter significantly ahead of the corresponding period. Order books were strong and the board was quietly confident about the profit outcome for full year.

UNION BANK, the U.S. subsidiary of Standard Chartered Bank, reported a small increase in second quarter earnings of $11.4m (£8.1m), against $11.3m in the same period last year. Net interest income and fee income were both up slightly, but the bank suffered a large increase in non-interest expenses. At the end of the quarter, the bank's assets were $8.2bn, down from $8.3bn at the end of June, 1984. Union Bank is the 32nd largest bank in the U.S.

GREENFRIAR INVESTMENT reports attributable earnings of £60,000 for half year ended June 30 1985 (£57,000), after tax £24,000 (£30,000), equal to 0.75p (0.72p) per share. Investment income £201,000 (£171,000) and short term deposit interest £3,000 (£49,000). Net assets per share 277.8p (224.6) and assuming full conversion of warrants 250.7p (206.2p). Net assets per warrant 138.7p (94.2p).

BIDS AND DEALS

J. J. & D. FROST, the petrol promotion services company, has agreed to buy from Mr R. J. Frost, its chairman, for £1.05m in shares the outstanding minority interests in Cash Stamps, which markets stamps to petrol retailers. The company acquired a 50 per cent voting interest in Cash Stamps in 1981 and 50.02 per cent of the non-voting shares.

HADSON PETROLEUM International, the UK-quoted subsidiary of the U.S. oil company, Hadson Petroleum Corporation, said yesterday that it had held discussions on a possible offer by its American parent for the shares in HPI it does not already own. However, to date, no acceptable offer has been put forward by HPC. Hadson also said it had completed its previously announced £27m sale of its UK oil and gas assets to Britoil.

UNITED PARCELS yesterday urged shareholders in York Trailers to accept its £4.96m bid for the company, despite claims this week by a director of York and its financial advisers, Phillips & Drew, that the offer was inadequate in the light of York's latest results. In its formal offer document, United noted that the previously agreed bid already had irrevocable acceptances covering 59.95 per cent of the shares.

R. CARTWRIGHT has forecast pre-tax profits of £1.825m (£1.46m) for 1985, earnings of at least 16.5p (15.25p) and guaranteed a minimum total dividend of 7.75p (6.5) as its latest defensive move in opposition of the 20 shares plus 50p for every ten shares bid from Newman Tonks. Cartwright closed at 131p or 14p below the underwritten cash alternative of the £12m bid.

Alcoa returns to profits at the operating level

BY CHRIS CAMERON-JONES IN NEW YORK

ALUMINUM COMPANY of America, the largest U.S. aluminium producer, returned to profits at the operating level in the second quarter after losses in the preceding two quarters.

Against the comparative quarter a year ago net earnings were down from $112.3m or $1.38 a share to $40.5m or 49 cents, but they were well up on the $6.71m reported for the first three months.

Although prices remained depressed, the upturn was above the company's expectations because of continued high demand for aluminium, the effects of costs cutting and increased efficiency. High stock levels and the weak dollar, which is attracting large volumes of imports, are keeping prices down, said Mr Charles Parry, chairman and chief executive.

The latest quarter's result was after an expected $15.6m or 19 cents a share charge arising from a court ruling that Alcoa's utility subsidiary, Nantahala Power Light, must make customer refunds.

Alcoa's revenue for the three months fell to $1.37bn from $1.45bn a year ago, despite a 9 per cent rise in shipments to 462,000 tonnes.

Mr Parry said the group expected shipments in the second half to be slightly below those of the first. Conflicting opinions on the direction of the economy caused uncertainty about future demand for aluminium, he said.

Since the end of 1984 the group has reduced its stock levels and cuts in production at smelters have reduced the operating rate to 83 per cent of capacity from 91 per cent.

Earnings for the first half emerged at $47.27m or 57 cents, against $210.65m or $2.58 last time, on sales $260m lower at $2.7bn.

Meanwhile, Alcoa's 51 per cent-owned Australian subsidiary, Alcoa of Australia, reported a rise in first-half profits from A$24.8m (US$17.6m) to A$27.1m, largely reflecting the effect of a weaker Australian dollar on the company's sales in U.S. dollars. Sales rose from A$554.6m to A$572.7m.

Hewlett to close for two days a month

By William Hall in New York

HEWLETT-PACKARD, the U.S. electronics and computer group, is to close most of its U.S. operations for one or two days every month in an attempt to cut operating expenses, as evidence mounts that the recession in the U.S. electronics industry is proving to be more severe than first thought.

The California-based company announced that its 43,000 employees in the U.S. would take unpaid time off during the shutdowns, which would begin on August 9 and continue on selected days until at least October 31.

The group's sales offices will remain open but work schedules will be adjusted to effect pay reductions of 5 per cent for the 14,000 U.S.-based sales and service personnel. In addition, the 27-strong senior management team will take a 10 per cent pay reduction and outside board members will take a 20 per cent cut in fees.

Hewlett-Packard, whose earnings have been growing rapidly until recently, said this was only the second occasion in 15 years that it has been forced to implement a company-wide reduced work schedule. The last time was in 1978.

Mr Dean Morton, chief operating officer, says that the group has recently taken a number of steps to reduce expenses "but while our operating rate has not worsened, the prolonged sluggishness in our industry brings us to where more aggressive plans are needed."

He hoped that the company could return to a full schedule before the end of the year, but was prepared to continue "expense reduction measures beyond 1985 if business conditions dictate."

● Burroughs, the U.S. computer group which earlier this week announced lower second-quarter profits, is to cut about 300 management and secretarial jobs as part of an organisational shake-up to centralise various product management functions.

Nissan Motor shows sharp turnround

BY YOKO SHIBATA IN TOKYO

NISSAN MOTOR, Japan's second largest car maker, lifted consolidated net profits by 10.3 per cent to Y81.77bn ($343.5m) in the fiscal year ended March 31, showing a sharp turnaround from the previous year's 29 per cent drop. Sales moved ahead by 7.4 per cent from Y4.3 trillion to Y4.6 trillion.

Earnings per share dipped to Y38.29 from Y38.48 in fiscal 1983, because of an increase in the number of outstanding shares. Consolidated pre-tax profits jumped 89.6 per cent to Y231.17bn.

The company said group sales rose 0.5 per cent to 2.7m units in the latest year. The sales gain in yen terms was attributed to increased sales of higher-grade passenger cars, particularly in the U.S., lower depreciation costs and exchange gains helped by the yen's depreciation against the dollar.

Sales in the U.S. were brisk in part because of an easing of Japanese government restrictions on car exports. In the U.S., Nissan Motor Manufacturing USA (NMMC) began producing pick-up trucks in Tennessee, and this also made contributions.

The company said overseas vehicle production was expected to grow with the start of full production of cars at NMMC and increased output in Mexico, Australia and Spain. Nissan said NMMC now had capacity to produce 120,000 pick-up trucks and 60,000 cars a year, and planned to raise capacity to 140,000 and 100,000 respectively by 1987.

Overseas production totalled 262,300 units in the year just ended, up from 174,400 previously. On the domestic side, the company said it expected improvement in sales with the introduction of several full model changes in the current year.

For the current year ending next March, Nissan project consolidated net profits at Y90bn, up 10 per cent, on turnover of Y5,000bn, up 8 per cent from the previous year.

SBC forecasts further improvement

By John Wicks in Zurich

SWISS Bank Corporation, which increased net earnings by 17.2 per cent in 1984 to SwFr 503m ($213m) looks forward to a further improvement this year.

The bank reports an encouraging first-half performance, with results above corresponding 1984 levels as well as budgeted figures for the period.

The balance sheet total expanded by 5.5 per cent to SwFr 125.6bn at June 1985, with loans to customers up 4.8 per cent to SwFr 56.44bn. Deposits were almost unchanged at SwFr 83bn.

Bank Leu also announces good results for the first six months. Interest and commission earnings and income from foreign exchange trading are all above corresponding figures for 1984.

The bank, whose balance-sheet total grew by 3.9 per cent during the half year to SwFr 12.34bn, expects a successful outcome for the year as a whole. In 1984, net profits were SwFr 39.4m.

Bell Helicopter withdrawn from sale by Textron

BY PAUL TAYLOR IN NEW YORK

TEXTRON, the U.S. industrial conglomerate, yesterday withdrew its Bell Helicopter unit, one of the world's largest helicopter manufacturers, from the auction block.

The move came, in part, in response to a recent Pentagon decision to withhold half its monthly progress payments to Bell because of "accounting deficiencies" and launch Federal inquiries into spare-part pricing.

Bell was put up for sale by Textron in March as part of a plan to reduce the debt burden Textron incurred after completing its $1.38bn purchase of Avco earlier this year.

Mr B. F. Dolan, Textron's president and chief executive, said the company had received "serious indications of interest" in Bell from unidentified potential purchasers, but added: "We believe that the interests of our shareholders would be better served by deferring further consideration of a sale." Chrysler and Goodyear Tire & Rubber are believed to have been among the potential bidders for the unit.

Mr Dolan insisted that despite the Pentagon probe, Bell Helicopter's "long-term prospects are bright." He said the company's operating results were improving and that earnings in the 1985 first quarter grew by 58 per cent while sales gained 28 per cent.

LTV to sell stainless steel unit

LTV, the loss-making steel and aerospace concern, has put up for sale its steel specialty products unit, the second largest U.S. producer of stainless steel sheet, strip and plate, Our Financial Staff write.

LTV said the decision was consistent with its earlier announcement to seek opportunities for joint ventures and divestitures to generate about $500m in cash over the next 18 months. The company said the specialty steel unit was "very profitable," and offered "the best prospect of being attractive to buyers."

LTV reported a loss of $378m last year, and weak steel pricing is expected to produce another deficit this year.

BI-Invest hits back in Montedison dispute

BY ALAN FRIEDMAN IN MILAN

SIG CESARE ROMITI, managing director of the Fiat group, is engaged this weekend in intensive negotiations designed to put an end to the bitter corporate battle between Montedison and BI-Invest. The dispute began a fortnight ago when Montedison, Italy's leading chemicals group, took effective 37 per cent control of the BI-Invest, an industrial and financial holding company. Sig Romiti's role of intermediary is designed to sooth the tensions between the two companies.

The problems arose because Montedison, in securing effective control of BI-Invest, now owns an indirect stake in itself through BI-Invest's shareholding in Gemina, a vehicle which is Montedison's largest single shareholder with a 17.1 per cent stake.

Yesterday it emerged that BI-Invest may have succeeded in blocking Montedison by spending L40bn to acquire more than 2 per cent of Montedison. The BI-Invest counter attack is designed to force Montedison to cede its packet of BI-Invest shares. It all seems destined to lead to a complex legal battle.

Under Italian law, BI-Invest's direct stake in Montedison could give it the right to block Montedison from voting at BI-Invest's extraordinary shareholders meeting, called for next Tuesday. At the meeting Sig Carlo Bonomi, the BI-Invest chairman whose family has 30 per cent of BI-Invest, is to ask for authority for the company to buy its own shares in order to counter Montedison's 37 per cent stake.

Sig Romiti is making an all-out effort to resolve the matter before Tuesday, when it could go to the courts.

Sig Romiti is today due to hold meetings with Sig Mario Schimberni, Montedison chairman, and with the board of Gemina, which is owned by Fiat, Pirelli and the Bonomi family.

Slide continues at Burlington

By Our New York Staff

NET PROFITS at Burlington Industries, the U.S. textiles group, were severely depressed in the third quarter as sales continued to be hit by weak domestic retail and industrial markets and increased imports.

Despite a 9 cents a share gain on the sale of its office furniture business, net profits for the three months tumbled to $5.75m or 20 cents a share from $22.87m or 80 cents a year ago, when there was an 8 cents a share special gain.

Combined with a similar plunge in the first half, the nine-month total emerged at $15.49m or 54 cents against $85.01m or $2.96 previously.

Sales for the latest quarter fell 9 per cent to $742.6m, leaving the nine-month figure at $2.1bn, against $2.42bn.

General Mills expects growth after major restructuring

BY OUR NEW YORK STAFF

GENERAL MILLS, the U.S. foods, toys, fashions and retailing conglomerate, expects good growth in its much slimmed down form in 1986. The forecast accompanied the final details of the major restructuring, first announced in March, and the latest full-year results.

The reshaping will leave the Minneapolis-based group 90 per cent in foods and restaurants which traditionally have been General Mills' highest return and highest growth areas. The operations rose to $4.29bn from ted for more than a quarter of sales and assets in the year to May 26.

The restructuring cost has been fully provided for in the 1984-85 figures, which show a dive to a net loss of $72.9m or $1.63 a share. This was after a $108.6m charge produced a final quarter loss of $108.5m or $2.42 per share.

In the previous fiscal year there had been a profit of $233.4m or $4.98, and a fourth quarter profit of $40.5m or 90 cents.

Sales from continuing operations rose to $4.29bn from $4.12bn for the full year, but were little changed at $1.07bn, against $1.02bn in the latest quarter.

In the continuing businesses restaurants, particularly the 372-unit Red Lobster chain, showed a jump in earnings from $70.7m to $91.5m. Consumer foods were depressed by heavy marketing expenditure to $265.6m from $272.7m. High costs and a soft retailing climate left the retail division with a $1.7m loss, compared with $19.6m profit.

The main aspects of the restructuring are:

● Major segments of the toy and fashion groups are to be spun off to shareholders during the last three months of calender 1985.

● Substantial other toy and fashion assets are to be written off to leave as productive a base as possible. A major element here is the reshaping of the Mexican toy company.

● Disposal of three small restaurant companies — Casa Gallardo, Darryl's and The Good Earth.

● LeeWards, Wallpapers To Go, and We Are Sportswear in the speciality retailing group are to be sold.

The company said that it had made an $188.3m full-year net provision for its discontinued toys, fashion and non-speciality retailing operations. The charge comprises mainly $45m for income taxes, $41m for disposal of the Mexican toys operation, $40m for stock write-downs and $23m for disposal of fixed assets.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$500	31	22.50	—		-		$319
GOLD C	$320	352	7.50	4	17	4	26	"
GOLD C	$340	26	3.20	—		2	15	"
GOLD C	$360	--	-	6	4			"
GOLD P	$300	11	2	56	5	33	7.30	"
GOLD P	$320	4	6.30	1	10.50	—		"
GOLD P	$340	--	--	20	25.50	--	—	"
		Sept.		Dec.		March		
SILVER P	$700	2	90	10	87	--	-	$616
$/FL C	Fl.320	21	10 A	518	15.20A	304	14.20	Fl.324.70
$/FL C	Fl.325	31	7.30	15	11	—	--	"
$/FL C	Fl.330	35	4.60	504	8.50	—	--	"
$/FL C	Fl.335	45	3.80	16	6.80	—	—	"
$/FL C	Fl.340	74	2.40	7	5.50	10	7.80	"
$/FL C	Fl.345	4	1.80 A	5	4.20	--	—	"
$/FL C	Fl.350	12	1.10	57	3.50	—	--	"
$/FL C	Fl.355	---	—	10	2.80	--	—	"
$/FL C	Fl.360	101	0.70			--	--	"
$/FL P	Fl.315	68	4.90	12	9.70	--	—	"
$/FL P	Fl.320	164	7.20 A	13	11.70		—	"
$/FL P	Fl.325	22	9.50	--	—	10	18	"
$/FL P	Fl.330	20	12	-		--	--	"
$/FL P	Fl.335	220	15.30	--	--	—	--	"
$/FL P	Fl.340	12	18.50 B	3	23.50	—	--	"
$/FL P	Fl.345	40	23.50	—	-	—	--	"
£/$ C	$135	20	7	—	--	—	--	$140.50
£/$ P	$130	6	1.40	—	--	--	--	"
£/$ P	$135	3	2.70	—	—	—	--	"
		Jul.		Oct.		Jan.		
ABN C	Fl.460	52	40	571	43	15	46	Fl.503
ABN P	Fl.460		-	145	2	175	4.60	"
AEGN C	Fl.100	899	0.10	644	4.20	252	6.50	Fl.98.10
AEGN P	Fl.90	—	--	110	1.10	-		"
AH C	Fl.240	137	0.20	70	8.50	62	12.50	Fl.240
AH P	Fl.240	48	1.20	20	6.10 B		--	"
AKZO C	Fl.120	4726	0.10	973	6.30	419	2.70 B	Fl.119.20
AKZO P	Fl.120	631	1.80	557	4.90	265	6.40	"
AMRO C	Fl.90			355	5.90	87	5	Fl.89.70
AMRO P	Fl.85		—	62	1.80	9	2.70 B	"
GIST C	Fl.210	--	—	214	15.50		--	Fl.213
GIST P	Fl.200			140	5.80			"
HEIN C	Fl.150	902	0.20	54	8.50	25	8.50	Fl.150.80
HEIN P	Fl.150	197	0.10	63	3.50 A	4	4.50	"
HOOG C	Fl.60	759	2.70	146	5.90	25	6.80	Fl.63.20
HOOG P	Fl.66	79	2.20	111	3.50	--		"
KLM C	Fl.60	1625	2.80	154	4.90	50	6	Fl.62.50
KLM P	Fl.60	--	--	262	2.20	13	5	"
NEDL C	Fl.180	200	5.50 A	42	13	-		Fl.175.50
NEDL P	Fl.160	2	0.10	30	4.50	6	6.50	"
NATN C	Fl.76	643	1.30	218	4	8	5.60 B	Fl.76.90
NATN P	Fl.66	--	--	5	0.40	8	0.90	"
PEO P	Fr.5,909	2	270					Fr.5,560
PETR C	Fr.5,500	5	128	--	—	-		"
PHIL C	Fl.50	5	0.10	612	2.40	2144	5.50	Fl.48.40
PHIL P	Fl.50	732	2	205	5.30	152	4	"
RO C	Fl.200	1961	0.10	456	6.40	79	7.80	Fl.192
RO P	Fl.200	519	5	62	9	4	9.90 A	"
RORE C	Fl.75	224	2.10		-		-	Fl.77.20
UNIL C	Fl.360		--	66	6.50	27	10	Fl.345
UNIL P	Fl.340	100	0.10 A	70	3.70			"

TOTAL VOLUME IN CONTRACTS 46,272

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Dunbar & Co	12 %	C. Hoare & Co.	12 %
Allied Irish Bank	12 %	Hongkong & Shanghai	12 %
American Express Bk.	12 %	Johnson Matthey Bkrs.	12½%
Henry Ansbacher	12 %	Knowsley & Co. Ltd.	12½%
Amro Bank	12 %	Lloyds Bank	12 %
Associates Cap. Corp.	13 %	Edward Manson & Co.	13½%
Banco de Bilbao	12 %	Meghraj & Sons Ltd.	12 %
Bank Hapoalim	12 %	Midland Bank	12 %
BCCI	12 %	■ Morgan Grenfell	12 %
Bank of Ireland	12 %	Mount-Credit Corp. Ltd	12 %
Bank of Cyprus	12 %	National Bk. of Kuwait	12 %
Bank of India	12½%	National Girobank	12 %
Bank of Scotland	12 %	National Westminster	12 %
Banque Belge Ltd.	12 %	Northern Bank Ltd.	12 %
Barclays Bank	12 %	Norwich Gen. Trust	12 %
Beneficial Trust Ltd.	13½%	People's Trust	13 %
Brit Bank of Mid. East	12 %	PK Finans Intl. (UK)	13 %
■ Brown Shipley	12 %	Provincial Trust Ltd.	13 %
CL Bank Nederland	12 %	R. Raphael & Sons	12 %
Canada Permanent	12 %	Roxburghe Guarantee	13 %
Cayzer Ltd.	12 %	Royal Bank of Scotland	12 %
Cedar Holdings	13 %	Royal Trust Co. Canada	12 %
■ Charterhouse Japhet	12 %	■ J. Henry Schroder Wagg	12 %
Choulartons**		Standard Chartered	‖12 %
Citibank NA	12 %	TCB	12 %
Citibank Savings	§12½%	Trustee Savings Bank	12 %
City Merchants Bank	12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd.	13 %	Westpac Banking Corp.	12 %
Comm. Bk. N. East	12 %	Whiteaway Laidlaw	12½%
Consolidated Credits	12½%	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk	12 %		
Duncan Lawrie	12 %		
E. T. Trust	13 %		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	13 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1 month 9.5%. Top Tier—£2,500+ at 3 monthly notice 12%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8¼% gross.
‖ 21-days deposits over £1,000 10%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8½%.

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*515)	460	58	72	—	1	8	—
	500	18	38	48	4	22	25
	550	1	16	28	37	50	55
	600	½	8	16	87	93	97
Cons. Gold (*514)	460	57	68	—	1½	7	13
	500	17	42	43	3	13	25
	550	2	22	33	40	45	50
	600	1	7	15	90	94	100
Courtaulds (*132)	130	5	13	17	1½	5	8
	140	1	7	12	7	10	12
	160	0¼	4	7	28	28	28
Com. Union (*215)	180	36	42	—	0¼	4	—
	200	15	24	33	1½	8	11
	220	2	12	22	10	15	18
	240	1	9	14	27	30	30
G.E.C. (*178)	160	14	18	30	1	4	7
	180	2	12	16	10	12	15
	200	0¼	4	8	30	30	30
	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*285)	280	15	25	35	1	7	11
	300	5	11	20	8	17	18
	330	1	4	10	38	40	40
I.C.I. (*694)	650	44	—	—	1	—	—
	700	5	35	40	13	40	48
	750	1	15	25	62	77	84
	800	1	8	15	112	124	127
Land Sec. (*273)	260	14	26	26	1½	6	9
	280	1½	9	15	8	12	16
	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*147)	120	28	33	—	—	1½	—
	130	18	25	28	1	3	4
	140	10	15	18	1	5	8
	160	1	5	10	15	18	20
Shell Trans. (*683)	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar Hse (*364)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*306)	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*403)	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aero (*318)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bt. Telecom (*155)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*168)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*167)	140	28	—	—	1½	—	—
	160	10	16	20	3	6	8
	180	2	7	12	17	20	22
P. & O. (*360)	330	37	47	57	3	7	11
	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*148)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*558)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ex 10% 1983 (*£97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07 (*£111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
B.R. (*320)	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham (*313)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass (*652)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$5.58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN (*214)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo (*1215)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*182)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*245)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*245)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
£/$ (*140.18cts)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F/DM (*54.78 cts)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*1251)	1200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1275	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 18 Total Contracts 11,594. Calls 6,486. Puts 5,098

U.S. QUARTERLY RESULTS

AMERICAN BRANDS*
Tobacco products, office supplies

Second quarter	1985 $	1984 $
Revenue	1.65bn	1.68bn
Net profits	85.9m	95m
Net per share	1.48	1.64
Six months		
Revenue	3.35bn	3.51bn
Net profits	193.8m	201.6m
Net per share	3.36	3.50

* Owns Gallaher of the UK.

BELLSOUTH
Phone service

Second quarter	1985 $	1984 $
Revenue	2.61bn	2.35bn
Net profits	267.1m	298m
Net per share	1.22	1.02
Six months		
Revenue	5.11bn	4.62bn
Net profits	693m	569.4m
Net per share	2.32	1.93

BLACK & DECKER
Tools

Third quarter	1985 $	1984 $
Revenue	371.9m	373m
Net profits	*7m	21.1m
Net per share	—	0.45
Nine months		
Revenue	1.22bn	1.05bn
Net profits	36.7m	70.9m
Net per share	0.72	1.47

* Loss.

EATON
Transportation and electrical products

Second quarter	1985 $	1984 $
Revenue	912.6m	897.5m
Net profits	58.6m	71.6m
Net per share	1.81	2.22
Six months		
Revenue	1.82bn	1.71bn
Net profits	125.5m	131.4m
Net per share	3.82	4.07

MOHAWK DATA SCIENCES
Data processing

Four quarter	1984-85 $	1983-84 $
Revenue	78.7m	97.4m
Net profits	†113.9m	159.7m
Net per share	†8.20	†4.11
Year		
Revenue	362.9m	402.5m
Net profits	†181.2m	152.9m
Net per share	†12.37	†3.65

† Loss.

TIGER INTERNATIONAL
Air freight

Second quarter	1985 $	1984 $
Revenue	279.2m	293.6m
Net profits	†10.2m	694,000
Net per share	†0.40	0.03
Six months		
Revenue	549.2m	569.9m
Net profits	†14.9m	5.3m
Net per share	†0.83	0.30

† Loss.

WALT DISNEY PRODUCTIONS
Films, theme parks

Third quarter	1985 $	1984 $
Revenue	546.9m	483.5m
Net profits	52.6m	45.4m
Net per share	1.56	1.23
Nine months		
Revenue	1.42bn	1.19bn
Net profits	119.7m	161.8m
Net per share	3.55	4.43

LEGAL NOTICES

No. 003868 of 1985
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
QUEENS MOAT HOUSES PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition was on the 5th June 1985 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Capital of the above-named Company from £41,169,949 to £41,069,949 by returning capital which is in excess of the wants of the Company.

AND NOTICE is further given that the said Petition is directed to be heard by the Honourable Mr Justice Mervyn Davies at the Royal Courts of Justice, Strand, London, WC2 on Monday the 29th day of July 1985.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the prescribed charge for the same.

CLIFFORD-TURNER
Blackfriars House
19 New Bridge Street
London
EC4V 6BY
(Ref RKLB/RWC)
Solicitors for the said Company.

LADBROKE INDEX
934-938 (+4)
Based on FT Index
Tel: 01-427 4411

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8DT — Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div (p)	Yield	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	135	—	6.6	4.6	7.5	8.9
151	135	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
77	44	Airsprung Group	44xd	—	6.4	14.5	7.3	8.6
42	26	Armitage and Rhodes	36	—	2.9	8.1	4.5	7.5
159	108	Bardon Hill	158xd	−1	4.0	2.5	20.0	20.8
64	42	Bray Technologies	62	—	3.9	6.3	7.6	8.7
201	161	CCL Ordinary	162	—	12.0	7.4	4.0	3.8
152	105	CCL 11pc Conv Pref	105	—	15.7	14.9	—	—
130	10	Carborundum Ord.	130	—	4.9	3.8	6.4	10.1
89	83	Carborundum 7.5pc Pf.	89	—	10.7	12.0	—	—
73	46	Deborah Services	49	+1	6.5	13.3	4.6	7.4
457	182	Frank Horsell	457xd	—	1.4	0.3	11.7	15.0
386	170	Frank Horsell Pr.Ord 87	360xd	—	11.9	3.3	9.3	11.9
32	25	Frederick Parker	26	—	—	—	—	—
66	33	George Blair	66	—	—	—	4.4	8.9
50	20	Ind. Precision Castings	20	—	2.7	13.5	5.5	5.9
218	177	Isis Group	180	—	15.0	8.3	13.8	26.9
124	101	Jackson Group	100	—	6.5	5.2	7.1	7.1
285	213	James Burrough	226	—	15.0	6.4	7.4	7.4
93	83	James Burrough 9pcPf	92	—	12.9	14.0	—	—
95	71	John Howard and Co	89	—	5.0	5.6	7.1	11.1
225	100	Linguaphone Ord	214	—	—	—	7.9	8.2
100	92	Linguaphone 10.5pc Pf	95	—	16.0	15.9	—	—
650	300	Minihouse Holding NV	530	—	6.9	1.2	25.8	24.5
120	31	Robert Jenkins	65	—	5.0	7.7	—	—
60	28	Scruttons "A"	32	−1	—	—	—	8.5
92	61	Torday and Carlisle	75	—	5.0	6.7	3.8	6.9
444	325	Travian Holdings	325	—	4.3	1.3	18.5	18.2
30	17	Unilock Holdings	30	—	1.2	4.3	14.6	21.0
105	81	Walter Alexander	105	—	7.5	7.1	7.9	11.3
247	216	W. S. Yeates	220	—	17.4	7.9	6.3	10.8

Prices and details of services now available on Prestel, page 48146

NOTICE

TO THE HOLDERS OF
UBK FINANCE BV
KUWAITI DINARS 5,000,000 GUARANTEED FLOATING RATE NOTES DUE 1990

In accordance with the terms and conditions of the Notes, the Interest Rate for the period from 20th July 1985 to 20th January 1986 (184 days) has been fixed at 7¾%.

Interest for the period will be paid on 20th January 1986 at KD.195,342 per coupon.

By
KUWAIT INTERNATIONAL INVESTMENT C. s.a.k.
(Agent)

WORLD STOCK MARKETS

WALL STREET

IBM adds strength to blue chips

A MIXED TREND prevailed on Wall Street yesterday with the stock of IBM contributing to strength in the Blue Chips.

By 1 pm the Dow Jones Industrial Average was up 6.94 at 1,357.86, making a rise of 19.26 on the week, while the NYSE All Common index, at $112.89, gained 18 cents on the day and 86 cents on the week. But declines led advances by a narrow margin in a volume of 83.66m shares.

Robert Colby of Smith Barney, Harris Upham, said the Stock Market was ending the week on a note of stabilisation after substantial midweek gains.

"The major trend is still upwards," Colby said, although the market could face a period of hesitation.

Colby expects Drugs, Airlines, Financial and Food issues to continue making gains. He said there are no signs of reversals ahead for these groups.

Among the Blue Chips, IBM were up $¾ to $129⅞ and Dupont up $¾ to $60.

Monsanto led the actives, rising $1½ to $51⅝—it agreed Thursday to acquire G. D. Searle for $65 per share in cash. Searle firmed ⅜ to $64⅜.

Taft Broadcasting advanced $2 to $82, aided by takeover speculation. A spokesman said the company was not aware of any corporate developments.

Knight-Ridder Newspapers declined $1⅜ to $38 on net revenue down to $36.8m from $37.6m.

Dyco Petroleum jumped $2 to $15—it agreed Thursday to merge into Diversified Energies Inc in a stock transaction valued at $129m.

LTV moved up $⅛ to $8⅞ on 660,000 shares—it will offer its Speciality Steel unit for sale.

THE AMERICAN SE Market Value index lost 0.82 to 235.71 in a volume of 5.06m shares.

Wang Laboratories "B" led the actives, off $⅛ to $17⅜—president John Cunningham resigned.

Closing prices for North America were not available for this edition

CANADA

Stocks were down in busy trading at midsession as profit-taking continued after record gains earlier this week.

The Toronto Composite index shed 4.57 to 2,797.70, Oil and Gas 13.2 to 3,192.4 and Gold 5.5 to 3,962.9, but Metals and Minerals firmed 5.1 to 2,015.5.

Most active was Consumers Distributing "A," unchanged at $7 on 794,495 shares, after it said the Stupp family sold its 33.6 per cent holding in the company to Provigo Incorporated for $7 a share.

Provigo advanced $2 to $24 in volume of 39,500 shares.

TOKYO

Share prices fell steadily in active trading, after three consecutive day's rises, driving the market Nikkei Dow average below the 12,800 level again.

The average hit a day's low of 12,776.39 in early afternoon trading then revived slightly to close at 12,788.54, down 64.00 on balance. Turnover 530m (500m) shares.

Thursday's Wall Street downturn and the release of lower than earlier announced U.S. second quarter GNP figures undermined export-orientated issues and left investors confused about the outlook for the future, dealers said.

Dealers said concern that a weaker U.S. economy would trigger worse trade friction zapped what little interest remained in export-orientated issues. *Electronics* rose early this week after having fallen for several months.

Utilities, Oils, Financials and Biotechnology-related shares eased on profit-taking.

The SE index shed 6.53 to 1,042.05. Volume 15m (18m) shares.

GERMANY

Mostly at the day's highs, boosted by the firmer overnight dollar tone and hopes for easier domestic interest rates.

Volume was about average, with foreign investors seen active on both the buying and selling side. News that the Bundesbank offered funds to the money market at 4.8 per cent on Thursday helped prices, though the announcement that the liquidity was allocated at 4.95 per cent came after Friday's finish.

Deutsche up DM 11.5 at 580, Allianz up DM 47 at 1400, Veba up DM 8 at 229.5 and Volkswagen up DM 7.10 at 307.9, met particularly strong demand.

The Commerzbank index of 60 leading shares, calculated at mid-session, rose 12.5 to 1,412.1.

Banks closed firmer.

Car producer Daimler gained DM 7.50 to 849.50, Porsche put on DM 27 to 1,327 and BMW gained DM 7 to 409.

Engineering Linde, which traded ex its one-for-five rights, closed at DM 488 *from* Thursday's DM 520.

PARIS

French and foreign shares eased across a broad front in fairly active end-week trading.

Selling pressure met little resistance despite a continuing decline in call money rate to a six-year low of 9.5 per cent, and strong Government pressure on banks to cut their base rates.

Selected issues advanced against the general trend, with Dumez up FFr 36 to a year's high of FFr 736.

AUSTRALIA

Australian stocks closed marginally easier as Bond Corporation took the limelight with a bid for 50 per cent of brewer Castlemaine Tooheys.

The All Ordinaries index lost 2.1 to 920.2, Industrials 1.6 to 1346.9 and resources 2.2 to 589.9. But the Gold Index added 2.1 at 900.8. National turnover 76.5m shares valued at A$159.8m, with rises outnumbering falls 234-to-202.

Bond bid A$7.10 per Ordinary share valuing Castlemaine at A$1.04bn. Over 11m shares were traded boosting Castlemaine 44 cents to A$7.74 before it closed at A$7.52, up 22 cents.

Sydney broker, Rivkin Ltd, believed to be operating on behalf of Bond, picked up most of the shares including two special parcels of 3.3m shares and 4.7m shares at A$7.74, dealers said.

Resource stocks were overshadowed by the Castlemaine activity.

Niugini Mining added 40 cents at A$3.

On the Industrial boards, FAI also put on 40 cents to A$14.40, Fairfax 10 cents at A$7.86 and Bell Group 10 cents to A$7.50.

Among foreigns, Germans and Copper issues were steady but Golds, Americans, Japanese and Dutch shares eased.

SINGAPORE

In its largest single-day gain in nearly six months, the Straits Times Industrial index shot up 19.61 to 755.87 on increased buying and short covering.

Advances swamped declines 146 to 13 and the turnover ballooned to 17.6m (14.2m) shares—its highest pitch in more than three months.

Massive gains were spread throughout the market. Fraser and Neave jumped 25 cents to S$5.35, and Gentings moved up 20 cents to S$5.85.

Speculative stocks dominated trading with Pahang Cons. up 3 cents at 54½ cents, in the lead, with 1.4m units. Pan-Electric firmed 10 cents to S$2.20 with 762,000 shares traded, and Johan rose 5½ cents to 85½ cents on a volume of 721,000 units.

HONG KONG

Share prices fought off a round of profit-taking to close higher, with the Hang Seng index at its best level in nearly four years.

Brokers said the second interest rate cut in a week attracted strong institutional buying and helped the index rise 6.83 to 1,678.87. The last time the index was above that mark was on August 13 1981, when it stood at 1,679.32.

The index rose more than 60 points on the week as banks cut the prime rate to 6 per cent from 8 per cent.

Turnover, however, fell to SHK530.51m (SHK604m).

HK Telephone traded at SHK9.80 after its ten-for-one stock split became effective against its previous close of 97.50.

China Light rose 20 cents to SHK16.40, despite a lower dividend.

Indices

NEW YORK

DOW JONES

	July 18	July 17	July 16	July 15	July 12	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Industri'ls	1350.92	1357.87	1347.58	t635.48	1338.60	1357.97 (17/7)	1184.66 (4/1)	1357.9t (17/7/85)	41.99 (8/7/32)
Home Bnds	80.26	80.55	80.65	80.46	80.18	80.65 (16/7)	72.97 (20/3)	—	—
Transport.	696.04	702.6	700.14	689.96	687.07	702.6 (1t/7)	553.03 (4/1)	708.6 (17/7/85)	12.52 (8/7/32)
Utilities	167.06	166.34	166.94	168.65	168.91	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (25/4/42)
Trading Vol 000-†	181,350	159,920	132,500	t03,920	190.26	—	—	—	—

Day's High 1682.94 (1365.93) low 1342.39 (1346.91)

	July 12	July 5	June 26	year ago (approx)
Industrial div. yield %	4.58	4.59	4.59	6.10

STANDARD AND POOR'S

	July 16	July 17	July 16	July 15	July 19	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Industr'ls	214.47	215.59	214.15	21t.78	212.48	215.59 (17/7)	128.94 (4/1)	915.59 (1t/7/85)	3.69 (30/6/32)
Comp'site	194.59	195.65	194.72	192.72	193.29	185.65 (17/7)	163.68 (4/1)	195.25 (17/7/85)	4.40 (1/6/32)

	July 10	July 3	June 26	year ago (approx)
Industrial div. yield	6.69	6.70	3.72	4.32
Industrial P/E ratio	11.99	11.96	11.90	10.65
Long Gov. Bond yield	10.26	10.44	10.67	15.31

N.Y.S.E. ALL COMMON

July 18	July 17	July 16	July 16	1985 High	1985 Low
112.81	113.66	113.06	111.88	113.49 (17/7)	94.60 (4/1)

Rises and Falls

	July 19	July 17	July 18
Issues Traded	2,025	8,018	9,006
Rises	596	968	1,t81
Falls	995	671	451
Unchanged	436	389	596
New Highs	116	228	814
New Lows	6	6	14

TORONTO	July 18	July 17	July 12	July 16	1985 High	1985 Low
Metals & Minerals	2010.4	1981.8	1822.7	1855.11	2100.07 (16/2)	1839.3 (2/1)
Composite	2802.2	2804.2	2775.7	2756.44	9804.2 (17/7)	2348.5 (8/1)
MONTREAL Portfolio	138.00	138.75	136.66	136.64	138.0 (18/7)	t17.00 (4/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Philips Pet.	7,067,800	11⅜	+ ⅜	AT&T	1,361,200	22⅞	− ⅛
Searle	3,327,800	63¾	+4	Monsanto	1,259,600	50¾	+ ½
Bankamer	2,771,700	17⅝	unch	U.S. Steel	1,220,600	27⅞	unch
IBM	1,729,300	128⅝	− ¾	Inco	1,141,300	14⅞	+ ½
LTV Corp.	1,493,300	8⅛	+ ¼	Puget Sou	1,124,000	16⅞	+ ¼

	July 19	July 18	July 17	July 16	1985 High	1985 Low
AUSTRALIA All ord. (1/1/80)	920.2	922.3	912.8	902.5	922.3 (18/7)	718.3 (7/1)
Metals & Mins. (1/1/80)	526.3	527.3	513.3	565.5	588.8 (20/5)	482.6 (7/1)
AUSTRIA Credit Aktien (2/1/62)	96.28	97.73	95.27	95.81	105.73 (17/6)	85.21 (24/1)
BELGIUM Brussels SE (1/1/80)	2311.42	2302.81	2284.57	2285.46	2584.12 (5/6)	2088.7 (16/1)
DENMARK Copenhagen SE (3/1/84)	208.78	210.87	211.50	210.77	211.50 (11/7)	158.44 (3/1)
FRANCE CAC General (31/12/82)	217.3	218.3	218.3	218.8	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	t24.8	125.7	125.3	123.8	130.4 (31/5)	100.t (3/1)
GERMANY FAZ Aktien (31/12/58)	488.57	478.41	488.46	863.78	302.62 (5/7)	382.88 (6/1)
Commerzbank (1/12/58)	1412.1	1395.8	1377.9	1373.0	1488.2 (5/7)	tt11.8 (3/1)
HONG KONG Hang Seng Bank (31/7/64)	1687.87	1672.54	1647.2	1582.20	1672.87 (10/7)	1220.74 (2/1)
ITALY Banca Comm Ital. (1972)	254.88	256.4	251.84	248.82	258.4 (18/7)	221.55 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	12728.54	12852.54	12843.49	12598.25	13040.1 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1042.05	1048.88	1045.1	1031.8	1057.55 (10/7)	918.38 (4/1)
NETHERLANDS ANP-CBS General (1975)	215.2	215.1	213.10	215.10	221.2 (3/7)	185.6 (3/1)
ANP-CBS Indust (1970)	186.2	185.8	183.8	181.9	186.5 (8/7)	t47.3 (3/1)
NORWAY Oslo SE (4/1/83)	340.05	337.51	337.9	334.28	345.87 (3/5)	288.10 (2/1)
SINGAPORE Straits Times (1966)	755.87	732.28	727.85	722.8	852.65 (7/5)	717.95 (15/7)
SOUTH AFRICA JSE Gold (28/9/78)	—	978.8	985.1	950.1	1148.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	1034.8	1288.5	1088.8	1036.8 (19/7)	727.1 (7/1)
SPAIN Madrid SE (28/12/82)	108.88	108.63	118.83	119.35	117.41 (4/2)	101.48 (2/1)
SWEDEN Jacobson & P (1/1/58)	1538.7	1525.3	1507.74	1507.74	1485.95 (11/3)	1235.32 (8/7)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	453.7	457.2	454.8	454.8	455.1 (12/7)	395.7 (5/1)
WORLD Capital Intl. (1/1/70)	—	225.4	224.3	221.8	224.3 (17/7)	184.6 (4/1)

** Saturday July 6: Japan Nikkei-Dow 13,040.1, TSE 1,048.20.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous trading

Sterling and the dollar retreated to the sidelines ahead of the weekend yesterday while suspension of trading in Rome caused considerable confusion and revived speculation of a realignment within the EMS. EEC ministers are expected to meet this weekend. There were no quotations available for the lira with trading thrown into confusion by a very large selling order during the afternoon.

Elsewhere the dollar closed at DM 2.8865 from DM 2.8720 and SwFr 2.3775 compared with SwFr 2.3675. Against the yen it rose to Y238.60 from Y238.20 and FFr 8.7750 compared with FFr 8.7125. On Bank of England figures, the dollar's exchange rate index rose to 138.5 from 137.8.

Sterling finished slightly firmer overall with an index of 84.1, up from 83.9. Against the dollar it finished at $1.3990 from $1.4045 but was unchanged against the D-mark at DM 4.04. Elsewhere it finished at SwFr 3.3200 from SwFr 3.3350, FFr 12.2750 from FFr 12.23 and Y333.5 compared with Y335.0.

£ IN NEW YORK

	July 18	Prev. close
£ Spot	$1.3900-1.3920	$1.4015-1.4025
1 month	0.53-0.50 pm	0.53-0.52 pm
3 months	1.35-1.29pm	1.52-1.50 pm
12 months	3.30-3.90pm	3.42-3.25 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	July 19	Previous
8.30 am	84.0	83.8
9.00 am	84.1	83.8
10.00 am	83.9	83.8
11.00 am	83.8	83.9
Noon	83.8	83.8
1.00 pm	84.7	83.8
2.00 pm	83.8	84.1
3.00 pm	83.8	83.8
4.00 pm	84.1	83.9

POUND SPOT—FORWARD AGAINST POUND

July 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3940-1.4060	1.3985-1.3995	0.52-0.49c pm	4.33	1.32-1.27pm	3.70
Canada	1.8825-1.8940	1.8825-1.8875	0.54-0.45c pm	3.15	1.31-1.17pm	2.63
Nethlnd.	4.51-4.56	4.53¾-4.54¾	2¼-2⅛c pm	5.95	6¾-5¾pm	5.34
Belgium	80.56-81.59	81.20-81.30	30-25c pm	4.06	62-53pm	2.83
Denmark	14.43½-14.58	14.43½-14.44½	3¼-2¼ore pm	2.75	8½-7¼pm	2.18

OTHER CURRENCIES

EXCHANGE CROSS RATES

MONEY MARKETS

Rates firmer

Interest rates were a little firmer in London yesterday. This followed a recovery by the dollar and possibly some nervousness about the downward pace in UK interest rates. The Bank of England continued to show its reluctance to the market's strong urge for a quick cut in base rates.

UK clearing banks base-lending rate 12 per cent since July 11-16

Three-month interbank money finished at 11⅝ per cent compared with 11 11/16 per cent while three-month eligible bank bills were bid at 11⅞ per cent, unchanged from Thursday. Weekend interbank money traded between 8 per cent and 13 per cent before finishing at 12 per cent.

The Bank of England forecast a shortage of around £450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £365m and a rise in the note circulation a further £260m. These were partly offset by Exchequer transactions adding £125m and banks' balances brought forward £45m above target. The forecast was revised to a shortage of around £400m and the Bank gave assistance in the morning of £16m through purchases of £3m of eligible bank bills in band 1 (up to 14 days) at 11⅞ per cent and £13m in band 2 (15-33 days) at 11 13/16 per cent.

The shortage was revised to around £350m before taking into account the early help and was revised further, back to £400m. The Bank gave assistance in the afternoon of £373m, making a total of £389m. The afternoon help comprised purchases of £45m of eligible bank bills in band 1 (up to 14 days) at 11⅞ per cent and £328m in band 2 (15-33 days) at 11 13/16 per cent.

LONDON MONEY RATES

FT LONDON INTERBANK FIXING

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12⅛	7 9/16-8 1/16	8-8½	6½-6¾	—	—	8⅝-9¼	11-13	8¾-9	9⅝-9⅞	5¼-6⅜	9¾-10¼
7 days' notice	12½-12⅝	7 7/16-7 9/16	5⅝-8½	5½-6⅝	—	—	9⅝-9¾	10¾-11¾	5⅛-9⅛	8⅝-9⅛	6¼-6⅜	9⅜-10¼
Month	12¼-12⅜	7⅞-8	8⅛-9⅛	[illegible]	4⅞-5	5-5⅛	10¾-11	11¼-11¾	9-9¼	8¾-9⅛	6¼-6⅜	9⅝-9⅞
Three months	11 9/16-11 11/16	8-8⅛	8 13/16-9⅛	5¼-5⅜	5-5⅛	5-5⅛	10¼-10⅜	12-12½	9-9¼	8⅞-9⅛	6 1/16-6⅜	9⅜-9¼
Six months	11 7/16-11 9/16	8 1/16-8 3/16	9⅛-9⅜	6 1/16-6 3/16	5-5⅛	5 1/16-5 3/16	10¼-10⅜	15-15½	8⅞-9⅜	9-9¼	6¼-6⅜	9½-10
One year	11 5/16-11 7/16	8⅜-8 7/16	8⅞-9⅜	6¼-6⅜	5-5⅛	5¼-5⅜	11-11½	14⅛-14	9⅜-9⅝	9-9½	5¼-6⅜	9⅝-10⅛

Asian $ (closing rates in Singapore): Short-term 7 13/16-7 15/16 per cent; seven days 7 13/16-7 15/16 per cent; one month 7⅞-8 per cent; three months 7 15/16-8 1/16 per cent; six months 8⅛-8¼ per cent; one year 8½-8⅝ per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 9 13/16-10⅛ per cent; four years 10⅛-10⅜ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

Rubber kilo	64.5p	−0.5	98p	70p	92p
Sisal No. 3L	$590	—	$315	$670	$590
Sugar (Raw)	$91vt	+4.5	£89.5	£192.5	£82
Tea (quality) kilo		—	275p	540p	195p
(low med) kilo	107p	+5	202p	355p	102p
Wooltops 64s Super	436p kilo	−2	470p kilo	526p kilo	436p kilo

† Unquoted. (g) Madagascar. (v) July/Aug. (z) August. (t) Sept. (x) Nov.

OIL

Trading was largely confined to Brent. In thin trade August and September Brent were firm. Nymex opened 2c down for August WTI and traded 8c down at 1 pm EST. Of the petroleum products gas oil prices firmed on continued inland demand, while other products were quiet ahead of Monday's Opec meeting—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Aug.		
Arab Light	27.00-27.10	—
Arab Heavy	24.60-25.00	—
Dubai	25.50-25.65	—
Brent Blend	26.55-26.60	+0.025
W.T.I. (1pm est)	27.35-26.45	−0.10
Forcados (Nigeria)	*26.65-26.75	—
Urals (cif NWE)	*25.80-25.95	−0.025

market yesterday to finish at $318½-319. The metal opened at $318-318⅞ and rose to a high of $319¾-320¼ on good demand for silver from the Middle East. However it soon retreated as news broke of a sharp decline in the lira and uncertainty over a possible EMS realignment. It touched a low of $317¾-318¼.

GOLD BULLION (fine ounce) July 18

Close	$318½-319	(£227¼-227¾)
Opening	$318-318½	(£226¾-227¼)
M'n'g fix	$319.00	(£227.208)
Aft'n'n fix	$318.90	(£227.542)

GOLD AND PLATINUM COINS

REVIEW OF THE WEEK

Coffee price slide continues in London

BY OUR COMMODITIES STAFF

THE PROBLEMS facing members of the International Coffee Organisation (ICO) executive board at their meeting in London next week were highlighted yesterday when the ICO daily indicator price dipped below 120 cents a lb. If the 15-day average indicator price reaches this level another 1m bags cut in coffee export quotas will be triggered, much to the annoyance of consuming members of the organisation.

Producers will be arguing for a further cut in global quotas for the 1984-85 season, currently at 59m bags, in an effort to push the price back up to 130 cents a lb, the central level in the ICO price support range.

But some consumers argue that the recent dramatic slide in prices, at a time when the possibility of damaging frosts in Brazil would normally be expected to hold the market relatively steady, indicates that market levels are artificially high given the overabundance of coffee in the market and the current stagnation in demand.

The quota level was cut by 1m bags on July 4 after the 15-day average fell below the 130 cents a lb trigger level. Only two automatic cuts are allowed in a single quarter so any reduction below 58m bags, which would be theoretically triggered if the 15-day average remains below 120 cents for a further 15 trading days, would require the specific agreement of the executive board.

On the London futures market yesterday the September futures price rose £18.50 to £1,595 a tonne but this still represented a £76 addition to falls of £193.50 last week and £99.50 the week before. Yesterday's rise may lift the average above the trigger level but many analysts expect the slide to be resumed if Brazilian growing areas remain frost-free.

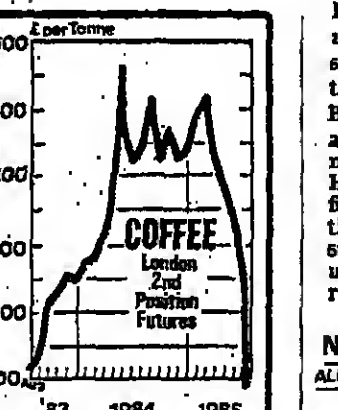
Cocoa futures prices slipped to the lowest level since last August with the September position finishing £14 down on the week at £1,677.50 a tonne. The market was basically quiet with currency factors the main influence on prices.

Following a week of talks in London the International Cocoa Organisation yesterday adopted a resolution noting its inability to agree a revision of its price support range under the current International Cocoa Agreement. The Soviet Union, East Germany, Czechoslovakia and Bulgaria reserved their positions. Delegates at the meeting were expected to agree later in the night on an extension of the pact for a further year beyond its expiry date at the end of September.

Sugar futures prices moved up a dollar or two this week, again chiefly reflecting the decline in the dollar.

Conditions were relatively quiet on the London Metal Exchange base metals markets. The main interest was in zinc which rallied quite strongly following its recent heavy decline. Despite falling £4 yesterday cash zinc ended the week £25.50 higher at £539 a tonne.

Other metals were generally higher led by copper which moved up sharply yesterday on sterling's decline. Cash high grade metal closed at £1,069.50 a tonne, up £15.50 on the day and £23 on the week.



BASE METALS

ALUMINIUM

COPPER

LEAD

NICKEL

ZINC

TIN

SILVER

GRAINS

SOYABEAN MEAL

POTATOES

COCOA

COFFEE

PIGMEAT

RUBBER

FREIGHT FUTURES

64.50p (65.00p); Aug 60.25p (61.00p); Sept 60.00p (60.50p). The Kuala Lumpur fob price for RSS No. 1 was 191.5 (193.5) cents a kg and for SMR 20 was 161.0 (162.0).

INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

GOLD

AMERICAN MARKETS

PRECIOUS METALS came under modest selling pressure in response to expectations that the Federal Reserve Board is beginning to pursue a slightly more restrictive monetary course, reports Heinold Commodities. Copper firmed on continuing indications of growing tightness in supplies. Aluminium came under light pressure in response to adequate availability. Sugar continued to benefit from tightness in nearby supplies. Cocoa remained steady on the lack of fresh crop information. Coffee recovered from early loss on fears a quota cut could tighten supplies. Cotton remained under pressure on continuing fears of programme changes. Heating oil traded sharply lower as prices eroded ahead of the Opec meeting.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	45.60	—	—	45.60
August	45.80	—	—	46.00
Sept	46.10	46.10	45.85	46.30
Dec	47.10	47.10	47.05	47.30
Jan	47.40	—	—	47.60
March	48.10	—	—	48.30
May	48.80	—	—	49.00
July	49.50	—	—	49.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	272.1	272.0	268.0	271.5
Oct	272.1	273.5	268.0	271.5
Jan	276.5	278.0	270.0	276.1
April	281.4	283.0	278.0	281.0
July	286.7	—	—	280.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	611.5	616.5	607.0	611.5

COCOA 10 tonnes, $/tonnes

COFFEE "C" 37,500 lbs, cents/lb

COTTON 50,000 lb, cents/lb

COPPER 25,000 lb, cents/lb

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

ORANGE JUICE 15,000 lb, cents/lb

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56lb-bushel

PORK BELLIES 38,000 lb, cents/lb

SOYABEANS 5,000 bu min, cents/60lb-bushel

WHEAT 5,000 bu min, cents/60lb-bushel

LONDON STOCK EXCHANGE

Lacklustre trading session enlivened by afternoon selling of Government securities

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 17	June 27	June 28	July 8
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5

* " New-time " dealings may take place from 9.30 am two business days earlier.

A flurry of profit-taking late in the London session yesterday lowered Government stocks. The selling was touched off by events in foreign exchange markets where the sterling/dollar rate dipped below $1.40 before rallying. Gilt futures also reacted and for the first time for some weeks the cash market showed uncertainty.

Traders had no wish to carry stock over the weekend and longer bonds, in particular, suffered. Several recoveries were attempted but, with sterling unable to attract overseas funds, none were successful until the late after-hours trade. Selected issues then rallied ¼ but still closed with falls extending to ¾. Shorter maturities also came on offer and settled around ⅛ down.

Earlier in the day, market sentiment had been little affected by a weaker trend in U.S. bonds following increased pessimism over the budget outlook and fading hopes of a reduction in the Federal Reserve Discount rate.

Leading equities meanwhile repeated Thursday's lacklustre performance. Turnover contracted further reflecting the reluctance of investors to commit funds while the Government maintains its current stance on interest rates.

Blue chip issues moved in irregular fashion throughout and few registered movements of more than a few pence. Plessey were prominent for some while on further talk of a U.S. group building up a stake. Trading announcements were fewer, but profit-takers were active in several stocks which had reported results earlier in the week. Once again, movements in the FT Ordinary share index were insignificant: after being 2.2 down at 11 am, the index closed 2.6 up on the day and 9.4 higher on the week at 935.4.

In view of the easier trend in Gilt-edged securities, the debut of the latest International Bank for Reconstruction and Development (World Bank) loan was considered highly satisfactory. The £30-paid stock, which carries a 9½ per cent coupon with a maturity date of 2010, rose to 30¾ in brisk trading before easing to close at 30.

Schroders advance

Schroders performed well among merchant banks, rising 20 afresh to 890 in a thin market; th shares have risen from around 740p since last month's agreement with the Industrial Bank of Japan whereby the latter is to be introduced as a partner into Schroders commercial banking business in New York. Mercury Securities improved 5 to 435p following an investment recommendation. Elsewhere, First National Finance Corporation moved up 1½ to 98½ on reports of a £3m property sale. The major clearers met with modest support. NatWest, which starts the interim dividend season on July 30, closed 8 better at 690p. Midland and Barclays, both of which report two days later, added 4 apiece at 390p and 402p respectively. Lloyds firmed 3 to 405p.

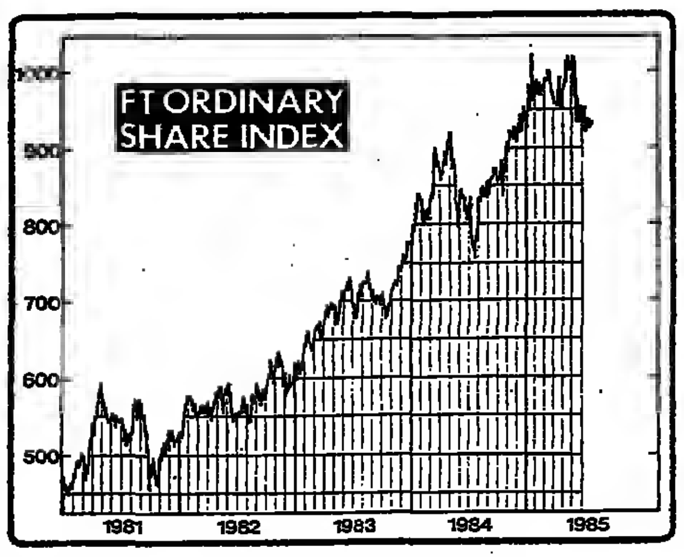
Allied-Lyons attained a new 1985 peak of 231p before settling a net penny cheaper at 227p following news that Bond Corporation, the Swan lager group, is to offer A$7.10 per share for 30 per cent of Allied's Australian associate Castlemaine Tooheys. Other Breweries closed the week on an idle note, although sporadic interest was noted in Bass, finally 9 dearer at 552p. Distillers eased 3 for a two-day decline of 7 to 278p following a muted Press response to the preliminary figures.

The recent advance of the Building sector, prompted by interest rate optimism and Government infrastructure spending calls, was interrupted by a bout of light profit-taking and the absence of further buying interest. However, falls among the leaders were generally confined to single figures, while some secondary issues managed fresh gains. Tarmac lost 8 at 330p, as did RMC, at 288p, and John Laing, at 250p. Blue Circle were 5 easier at 535p, but still 17 higher over the five-day period. Elsewhere, renewed demand lifted Turriff 10 to 250p and Newarthill a like amount to 740p. A. Monk continued to attract buyers at 114p, up 6, while John Finlan moved up 5 to 75p. Breedon and Cloud Hill hardened 2 afresh to a year's high of 228p, Baggeridge Brick firmed 6 to 266p and Cement Roadstone improved 2 to 74p.

ICI were finally 4 dearer at 694p after having fluctuated narrowly throughout the session: the interim results are due next Thursday. Among other Chemicals, Allied Colloids were marked down 10 to a 1985 low of 133p as dealers attempted to find a trading level.

Sumrie rally

Sumrie Clothes, dull on Thursday after allegations, later vehemently repudiated by the company, that the chairman was involved in the Johnson Matthey Bankers affair, rallied 10 to 40p following bear closing. Elsewhere in Stores, guarded comment given to the preliminary figures prompted initial weakness in Gussies A which fell to 755p before recovering to finish 9 off on balance at 774p. Mail-orders tended to lose ground in sympathy. Freemans, a recent speculative favourite, fell 10 to 256p, after 254p, while Grattan eased 4 to 262p. A lively afternoon session in Marks & Spencer traded options prompted late strength in the shares which closed 4 up at 146p. Burton hardened 4 to 450p, but bid target Debenhams eased a penny more to 313p. Further consideration of the second-half profits and dividend warning clipped 4 more from S. R. Gent, but occasional support lifted Lincroft Kilgour 5 to 183p and Castle (GB) 3 to 28p.



Microvitec gave another sharp reminder of the problems currently depressing the computer industry, falling 17 to 43p, after 40p, following the Board's warning of sharply lower first-half profits owing to the heavily increased cost of introducing new products. Other high-tech stocks fell in sympathy. Circaprint ended 5 down at 63p and Memcom International were the same amount easier at 180p. Systems Designers gave up 4 at 84p and Forward Technology a couple of pence at 22p. Elsewhere, Electronic Machine, at 52p, and Real Time Control at 53p, lost 2 apiece on their respective trading statements. Penny and Giles advanced 7 to 140p following bumper profits and a higher-than-forecast dividend, while MK firmed 8 to 263p after Press comment. Chloride touched 42p before closing unaltered on the day but 8 dearer on the week at 39p following the £34.4m sale of overseas subsidiaries to Dunlop Olympic of Australia. Apart from Plessey, which rose 4 more to 146p, after 148p, on U.S. stake build-up speculation, leading Electricals marked time in thin trading.

TI, still buoyed by Thursday's revelation that a consortium headed by Evered had acquired an 11.6 per cent stake in the company, advanced to 308p before closing a further 6 better on the day and 56 higher on the week at 304p; TI's interim figures are due on August 8. Elsewhere in Engineerings, Baker Perkins put on 6 to 173p and the new nil-paid shares doubled to 10p following news of the sale of its 30 per cent interest in Werner and Pfleiderer. Neepsend moved up 4 to 21p ahead of next Friday's preliminary results and Johnson Firth Brown reflected Press comment with a gain of 1½ to 19½p. Davy Corporation at 105p, lost 3 of Thursday's gain of 11 after comment on the results. Vosper came back 10 to 155p.

Among Hotels, Grand Metropolitan improved steadily to close 6 higher at the day's best of 296p. Trusthouse Forte, however, slipped 2 to 122p and Ladbroke gave up 3 to 259p.

Glaxo up late

Glaxo provided a bright late feature among miscellaneous industrial leaders, adding ¼ at £12½ on the announcement that its injectable antibiotic, Ceftazidime, had been accepted in the U.S. and would become available next month. Beecham moved up 7 to 313p in sympathy. Elsewhere, Christie's International rallied 5 to 228p following news of a U.S. settlement of the dispute involving its painting sale operations. Ashley Industrial Trust responded to the strong interim profits recovery with a rise of 2 to 17p, while Siebe added 5 at 575p after press comment. Supported up to 360p this week on takeover speculation, Extel were brought down to earth by news of a proposed £18.9m rights issue; the price dropped to 327p at one stage before closing a net 15 down on balance at 333p. Gestetner fell 9 to 103p after comment on the first-half figures and Rexmore gave up 3 to 19p following disappointing annual earnings.

The Leisure sector displayed a weak feature in USM-quoted *Spectrum* which encountered sporadic selling in an extremely sensitive market and halved in price to 10p.

Jaguar, beset by nervous offerings throughout the week following currency fluctuations, staged a modest rally and finished 5 to the good at 245p. Components provided a late dull feature in Jonas Woodhead, the vehicle suspension specialists, which dipped 3 to 28p following news of a substantial full-year deficit. Distributors, on the other hand, usually displayed small gains. Revived speculative demand lifted Frank G. Gates 6 to 77p, while Hartwells hardened 5 to a 1985 high of 75p. Lex Service, scheduled to announce interim figures next Friday, improved 4 to 184p.

Thorpac, the USM-quoted deep freeze packaging group, fell 16 to 60p on the annual profits setback. Saatchi and Saatchi hardened 5 to 650: the company has agreed the acquisition of Clancy Shulman and Associates, a Connecticut-based market research concern.

The undertone in Properties remained firm and the leaders were able to make further modest progress. Land Securities were 3 up at 273p and MEPC the turn harder at 261p. Great Portland Estates rose 4 to 148p, as did Peachey, to 250p, while Slough Estates picked up 2 to 130p. Elsewhere, Tops Estates rose 5 to 190p reflecting the chairman's confident annual statement, but Cardiff Property shed 7 to 188p following poor interim figures. Control Securities encountered scrappy selling and shed 3½ to 33p: the annual results are due soon.

Nottingham Manufacturing advanced 8 to 262p following the decision not to refer the proposed merger with Vantona Viyella to the Monopolies Commission; the latter closed 4 cheaper at 352p, after 350p. Elsewhere in quietly dull Textiles, losses of 4 were also common to Dawson International, 234p, and Hicking Pentecost, 47p, but Lister, helped by option business hardened a couple of pence to 60p.

Oils subdued

The oil majors were virtually ignored in the last trading session before the Opec meeting in Geneva, which commences on Monday. Burmah Oil continued to attract buying interest stimulated by revived talk of a bid from Heron Corporation and hardened 4 more to 282p for a week's gain of 27. Britoil edged up 2 to 203p awaiting further details of the Government's sale of its remaining 49 per cent stake in the company, scheduled for the end of the month. The secondary oils sector ended an uncomfortable week with further widespread losses. Falcon Resources dropped to a year's low of 50p before steadying to close a net 5 off at 52p, while Cluff Oil retreated 8 to 33p. Jackson Exploration dipped 3 more to 20p, leaving the shares 13 down over the week. Pict Petroleum lost 7 to 108p. Petranol staged a welcome rally, adding 5 at 140p, after 145p, following a U.S. acquisition and vague takeover rumours.

Golds down again

An erratic week in mining markets closed with South African Golds under selling pressure. The sector opened easier, reflecting overnight American selling which followed through into London owing to the much steadier performance by the dollar. Renewed "cheap" buying from a number of Johannesburg sources was in evidence but this proved insufficient to absorb the U.S. selling and share prices generally settled at, or around, the day's lowest levels. Bullion was initially quoted at $319 an ounce and held around this level for the rest of the session to close a further $1.5 off on balance at $318.75.

The Gold Mines index dipped 2.3 more to 404.9 but retained a week's improvement of 12.5, thanks to the strong gains recorded earlier in the week when the dollar fell sharply.

Dividends from the Anglo American Corporation's Transvaal gold mines, although generally at the top end of market expectations, failed to produce any worthwhile support. The disappointing quarterly profits offset the good dividend from Vaal Reefs and the latter's shares eased ¼ to £65½. Elandsrand, a firm market in front of the quarterly report and dividend announcement, gave up 5 at 670p, while "Sallies" registered disappointment with the payment and fell to close 15 off at 190p.

South African Financials mirrored the latest falls in Golds but turnover remained at a low level. "Amgold" lost a point at £64 and Minorco dipped 15 to 630p. De Beers edged up 5 to 395p helped by Cape support, as did Anglo American Corporation, to £11¾. Rand London were a weak market and dropped 8 to 26p.

Platinums were again well supported. Rustenburg, expected to announce preliminary results in the near future, advanced 15 more to 670p, while Impala rose 20 to 750p and Lydenburg put on 8 to 518p.

Among UK-based Financials, Consolidated Gold Fields ran back 5 to 515p, unsettled by the bullion price, while Hampton Areas slipped a similar amount to 125p. Widespread falls in *Sydney and Melbourne* markets overnight coupled with an easier trend in meat prices stifled the recent upturn in Australians. Peko-Wallsend managed a minor gain at 213p but the rest of the leading issues showed minor movements in either direction. Among the speculative stocks, Meekatharra dropped 5 to 47p but Gem Exploration edged up 2 more to 120p. Terrex Resources gave up a few pence to 22p.

Traded Options finished the week on an active note. Total contracts struck amounted to 11,594. Over half the day's business was transacted in British Telecom positions which attracted 3,331 calls, 1,509 in the February 200s, and 2,716 puts, with the February 200s again proving popular with 1,225 trades. Demand also revived in Marks and Spencer which recorded 738 calls and 236 puts.

FINANCIAL TIMES STOCK INDICES

	July 19	July 18	July 17	July 16	July 15	July 12	year ago
Government Secs.	93.09	93.39	93.55	93.19	93.12	92.89	76.24
Fixed Interest	98.15	98.26	99.00	97.66	97.50	97.58	90.97
Ordinary ♥	935.4	932.8	935.6	929.7	957.2	926.0	776.2
Gold Mines	404.9	407.2	410.9	399.0	399.6	392.4	509.9
Ord. Div. Yield	4.97	4.99	4.99	5.00	4.95	5.01	5.14
Earnings, Yld.% (full)	12.40	12.45	12.45	12.47	12.39	12.48	11.99
P/E Ratio (net) (*)	9.95	9.91	9.91	9.70	9.97	9.70	10.11
Total bargains (Est.)	19,650	19,753	19,500	19,990	20,406	21,810	17,357
Equity turnover £m.	...	414.0	468.9	571.4	973.2	329.80	950.49
Equity bargains	...	15,505	15,732	15,141	15,396	17,453	12,972
Shares traded (ml.)	...	205.6	209.6	173.1	149.9	166.8	164.4

♥ 10 am 931.5 11 am 930.6 Noon 931.2 1 pm 931.9.
2 pm 932.1. 3 pm 932.7 4 pm 934.6
Day's High 935.4 Day's Low 930.2
Basis 100 Govt. Secs. 15/10/26 Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12/9/55 SE Activity 1974.
Latest index 01-246 8026.
* Nil = 9.52.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	93.55 (17/7)	79.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	98.25 (18/7)	92.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	923.1 (18/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	392.4 (12/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	July 19	July 17
Daily Gilt Edged Bargains	177.4	177.4
Equities Bargains	108.9	101.9
Value	836.8	947.5
5 day Average Gilt Edged Bargains	174.3	172.1
Equities Bargains	108.2	108.0
Value	750.8	745.2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Aug 19	Sept 6	Nov 21	Dec 2

Stocks favoured for the call included British Benzol, Arlen Electrical, Owners Abroad, Southwest Resources, Tarmac, Falcon Resources, Reybeck, Evered, Lister and Brunswick. A put was done in Macarthys Pharmaceuticals, while double options were taken out in Southwest Resources and Lister.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	9/8	60	58	‡ATA Selection 5p	58	......	bg1.0	9.6	3.6	16.0
190	F.P.	2/9	236	223	Abbey Life 5p	229	−1	b6.6	—	4.1	—
§138	F.P.	2/9	140	130	‡Appletree 10p	135	......	b2.5	3.9	2.5	13.3
50	F.P.	12/8	50	48½	Baillie G'f'd Shin Non.	48½	−½	—	—	—	—
§75	F.P.	24/7	97	78	‡Blanchards 10p	93	+1	b2.1	1.8	3.6	13.7
170	F.P.	—	179	165	Bradstock 5p	172	+2	bg5.25	2.4	4.4	13.9
130	200	24/7	134	99	Brent Walker 10p	110	−2	b5.5	9.9	4.5	9.6
375	F.P.	10/9	153	147	British Aerospace 50p	148	−2	15.65	3.1	6.0	5.0
[illegible]	F.P.	—	48	43	‡Cannon Street Invs.	43	......	—	—	—	13.2
[illegible]	F.P.	19/7	12	8	Clive Discount Wrrts.	9	......	—	—	—	—
[illegible]	F.P.	—	100	100	‡CobraEmer'ldMines	100	......	—	—	—	—
§70	F.P.	12/7	80	74½	‡Cranbrook Elect. 5p	70	......	b1.6	5.9	9.7	16.2
[illegible]	F.P.	—	105	105	Expln. Co. Louisiana	105	......	—	—	—	—
§140	F.P.	—	160	153	‡FKB Group 5p	156	−2	1.76	3.9	1.6	27.7
160	F.P.	26/7	130	100	First Security 10p	100	−5	u3.5	2.6	5.0	9.9
§99	F.P.	9/8	90	79	‡Goodhead Print 90p	79	......	b3.0	2.9	5.4	9.7
Ir.97	F.P.	26/7	77	68	Green Property Ir. 25p	68	......	₰2.67	1.5	5.8	25.7
[illegible]	F.P.	—	460	380	‡Heavitree Brewery	390	......	10.75	1.0	3.0	16.9
[illegible]	F.P.	—	450	370	Do.'A' Lim. Vtg.Ord.	380	......	10.75	1.9	4.0	18.3
140	F.P.	12/7	155	125	ISL 10p	140	+5	g1.2	5.5	1.2	16.8
§193	F.P.	—	189	159	Isotron	163	......	bg1.25	3.9	1.1	33.8
**	F.P.	—	47	44	London Tst. Wrrts.	46½	+½	—	—	—	—
§44	F.P.	—	53	45	‡Micha'l J Design 2½p	46	......	1.0	3.5	3.1	12.8
120	F.P.	25/7	115	100	Micro Scope 10p	100	......	b1.5	4.2	2.1	14.0
50	F.P.	26/7	50½	49½	Nordic Inv. Trust 10p	49½	−½	—	—	—	—
§170	F.P.	9/8	170	140	‡Pacer Systems $0.01	140	−8	bg6.8c	—	2.8	—
41	F.P.	9/7	47½	35	‡Perkins(J.)Meats 10p	36	......	b.g1.6	2.0	7.1	9.5
§99	F.P.	9/8	117	102	‡Polypipe 10p	115	+5	b9.9	2.7	3.5	14.4
§139	F.P.	19/7	149	125	‡Prontaprint 10p	127	+1	b1.8	3.1	2.0	22.7
115	F.P.	21/9	195	183	Salvesen (Christian)	194	+1	9.875	9.2	3.3	19.4
150	F.P.	—	125	105	‡Sapphire Petm. 50p	105	......	—	—	—	—
[illegible]	F.P.	16/7	426	305	Sturge Hldgs 20p	335	+6	b6.0	2.4	2.6	23.9
§75	F.P.	—	77	74	‡Trilion 10p	77	+1	bg1.1	4.9	2.0	14.3
85	F.P.	12/5	115	99	‡Wold 5p	95	+1	u2.3	2.7	5.6	12.0

FIXED INTEREST STOCKS

RIGHTS OFFERS

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (21)

LOANS (1)
H'wide 12½pc 24 2 66

BANKS (2)
Alpamena · Schroders

BREWERS (2)
Allied-Lyons · Buckley's Brewery

BUILDINGS (6)
Breedon Lime · Marshalls Halifax
Cement-Roadstone · Newarthill
McAlpine (Alfred) · Wilson (Connolly)

ELECTRICALS (1)
Chloride

ENGINEERING (2)
Neepsend · Robinson (Thos.)

FOODS (1)
Slaters Food

INDUSTRIALS (2)
Photo-Me Intl. · Ranwick

LEISURE (1)
First Leisure

MOTORS (2)
BSG Intl. · Hartwells

TEXTILES (1)
Readicut Intl.

NEW LOWS (77)

AMERICANS (3)
Chesebrough-Ponds · NYNEX
Gt. Western Fin.

CANADIANS (1)
Mitel

BUILDINGS (1)
Ruberoid

CHEMICALS (4)
Allied Colloids · Hickson Intl.
Canning (W.) · Wardle Storeys

ELECTRICALS (14)

ENGINEERING (6)
Ash & Lacy · Newman-Tonks
Hallite · RHP
Hawker Siddeley · Spirax-Sarco
IMI · Vosper

INDUSTRIALS (14)
Benlfords · Reuters 9
Brengreen · Rexmore
British Aerospace · Rolfe & Nolan
Beeson Park · Scott Greenham
Hawley · Sopar (J. W.)
Metal Closures · Standard Fireworks
Pritchard Services · Sunlight Service

LEISURE (2)
Nationwide Leisure · Spectrum

PAPER (2)
Peters (Michael) · Thorpac

PROPERTY (2)
Austmark Ins. · Int. Inc. Prop.

TEXTILES (2)
Dawson Intl. · Mackay (Hugh)

TRUSTS (10)
Baillie Gifford Japan · Shires Inv.
Edinburgh Fin. Tst. · Do. 11pcCnv.Ln. 2003-04
Group Investors · TR Natural Res
Inv. in Success · F. & C. Ent. Tst.
Keystone Inv.
Lake View Inv.

OILS (7)
Cluff Oil · *Petrofina*
E.R.I.C. · Pict Petroleum
Falcon Resources · TR Energy
Jackson Expln.

PLANTATIONS (1)
Assam Dooars

MINES (8)
Durban Deep · Meekatharra
East Rand Prop. · Grevor
Kloof Gold · RTZ 9½pcLn. 1995-2000

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	9	88	14	290	182	68
Corporations, Dom. and Foreign Bonds	2	20	56	151	29	210
Industrials	232	283	962	1,369	1,179	4,787
Financial and Properties	83	81	392	499	363	1,918
Oils	14	28	85	101	133	401
Plantations	4	2	12	13	16	61
Mines	28	50	101	239	162	494
Others	77	47	115	326	337	539
Totals	446	599	1,727	2,988	2,401	9,478

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Britoil	203	+ 2	Neepsend	21	+ 4
Extel	333	−15	Plessey	146	+ 4
GUS A	774	− 9	Redland	290	− 3
ICI	694	+ 4	TI	304	+ 9
Jaguar	245	+ 5	Tarmac	330	− 9
Johnson & Firth	19½	− 1½	Taylor Woodrow	452	− 6

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
ICI	132	690	−22	Thorn EMI	73	322	+ 1
Debenhams	101	314xc	− 6	Jaguar	71	240	−13
BTR	90	323	−13	STC	70	98	− 6
Pentland Inds	80	260xc	+ 9½	GUS A	69	783	−13
TI	78	298	+52	Midland Bank	69	386	− 9
BAT Inds	77	303	—	NatWest Bank	68	682	−23
Barclays	77	398	−10	Shell Trans	68	683	+ 6

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
TI	25	298	+10	Distillers	12	231	− 4
Chloride	15	39	+ 4	GUS A	12	783	−15
Abbey Life	14	229	− 1	Rank Org	12	380	+10
BO	14	515	− 7	Debenhams	11	314	− 3
ICI	14	690	+ 1	Thorn EMI	11	322	− 7
Davy Corp	13	108	+11	Woolworth	11	473	+ 8

S.E. DEALINGS

STOCK EXCHANGE DEALINGS

Details of [redacted] below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

McCarthy and Stone 7pcLn 1999-04 £113
McKechnie Bros 6pcPf (£1) 49½ (12/7)
Manganese Bronze Hldgs 8¼pcPf (£1) 83½ 4
Manor National 10¼pcPf (£1) 81 (18/7)
Maple and Co (Hldgs) 10½pcLn 1999-2002 £88 95½
Mappin and Webb Hldgs 6pcPf (£1) 48½ (17/7)
Marks and Spencer 7pcPf (£1) 59½ (18/7)
Marley 8¼pcPf (£1) 54. 11¼pcDb 2089 £106½ (17/7)
Massey-Ferguson Hldgs 7½pcDb 1987-92 £73¾ (15/7)
Maynards 4.2pcPf (£1) 86 (16/7)
Mecca Leisure 7pc1stDb 1985-90 £85
Menzies (John) 9pcPf (£1) 109½ (17/7). 5¾pcDb 1983-88 £83½ (18/7)
Metal Box 4.9pcPf (£1) 61 (16/7). 10¼pcLn 1992-97 £96½
Micro Business Systems 6pcLn 1997 £65 (18/7)
Micro Scope New (10p) 100 2 (17/7)
Mills and Allen (Hldgs) 6½pcPf (£1) 50
Minty 240 (16/7)
Monsanto 8pcLn 1984-88 £94½ (12/7)
More O'Ferrall 10pc2ndPf (£1) 104
Moss Bros (20p) 430 (16/7)

N—O—P

Newey Grp 5pcPf (£1) 38 (15/7)
Newman Inds (DpcPf (£1) 91½ 2 (16/7). 10½pcLn 1998-98 £78 (16/7)
News Intnl 6pc2ndPf (£1) 64 (12/7). 7¼pcDb 1985-90 £88½ ½ (18/7)
Noble and Lund (10p) 23 6
Normans Grp 8¾pcLn 1999-04 £108♦
Norsk Data A NK20 £28¾ (16/7)
North British Steel Gp (Hldgs) 9♦
Northern Engineering Inds 3pcPf (£1) 34½ (18/7). 7pcLn 2000-05 £64½ (17/7). 8¾pcLn 1988-95 £83¼. 9pcLn 1990-95 £82¼
Northern Foods 7¼pcDb 1965-90 £84½ (15/7)
D.K. Bazaars (1929) (R2) 23 (16/7)
Oldacre Hldgs (20p) 78
Oliver (George) (Footwear) 350 (12/7)
Owen Owen 8pcLn 1986-91 £230 (17/7)
Parker Knoll 200 (15/7)
Paterson Zochonis 10pcPf (£1) 118 (15/7)
Pavilion Leisure Hldgs (10p) 38 (15/7)
Pearson 5½pcPf (£1) 42½ (15/7). 5½pcLn 1988-93 £62½ 9½ (16/7). 8¼pcLn 1988-93 £65½ 71½ (18/7). 6pcLn 1986-95 £80½ (15/7). 10¼pcLn 2001-05 £92. 13pcLn 2007 £113½ (17/7). 10½pcLn 1993-98 £100 1
Pegler-Hattersley 7pcLn 1989-94 £72 (12/7)
Pentos (20p) 72 3 4. 13¼pcLn 1990 (A) £105 (16/7)
Perkin-Elmer 4pcLn 1960-88 £220
Petbow Hldgs 10pcPf (£1) 87 (18/7)
Pittard Gp 9¼pcPf (£1) 100 (15/7)
Plessey 7¼pcDb 1992-97 £75¼♦
Portals Hldgs 9½pcLn 1964-2000 £133
Portsmouth Sunderland Newspapers 10.5pcPf (£1) 125 (17/7)
Powell Duffryn 4¼pcPf (50p) 20½ (16/7)
Press Tools (10p) 48 (18/7)
Pressac Hldgs 10.5pcPf (£1) 96
R.E.A. Hldgs 12pcLn 2000 £90½ 1½ 1 (16/7)

Q—R—S

R.F.D. Gp 5½pcPf (£1) 40 (12/7)
Radio Rentals (Hldgs) 6¼pcLn 1985-88 £85 (16/7)
Rank Orgn 8¼pcPf (£1) 55 (17/7). 8pcPf (£1) 67 (16/7). 5½pcLn 1990-95 £83 ¼ (15/7). 6pcLn 1988-95 £70 ¼. 10¼pcLn 1997-2002 £90½ 1 2
Ranks Hovis McDougall 6pcPf (£1) 51½ (12/7). 6pcAPf (£1) 51½ (16/7). 6pcBPf (£1) 51½ (18/7). 6¾pcLn 1985-88 £87 ¼ (18/7). 7½pcLn 1981-86 £95 (16/7). 8¼pcLn 1990-94 £83½ (16/7). 8¾pcLn 1991-95 £88½ (15/7)
Ratcliffe (F. S.) Inds 42 (15/7)
Ratcliffs (Great Bridge) 6pcPf (£1) 42 (15/7)
Rayback 10¼pcPf (£1) 77
Readicut Intnl 5¾pcPf (£1) 46 (12/7). 8¼pcLn 1988-93 £83 4
Reckitt Colman 5pcPf (£1) 42½. 6¾pcDb 1985-90 £84
Redland 7½pcDb 1990-95 £74½ (18/7)
Redland Finance NV £184 (12/7)
Reed (Austin) Gp 195 (17/7). 8pcPf (£1) 65 (12/7)
Reed Intnl 5½pcPf (£1) 47. 7pcPf (£1) 58½. 5½pcLn £44♦. 7½pcLn £59¾ (17/7). 7½pcLn 1996-2001 £75. 10pcLn 2004-09 £89
Reed Publishing Hldgs 4½pcLn 2004-09 £43¼. 9pcLn 1999-2004 £79 80½
Renold 7½pcDb 1992-07 £70½ (16/7)
Reynolds (R. J.) Indus 530 (17/7)
Robertson Foods 10½pcDb 1992-97 £94 (16/7)
Robinson (Thomas) 7pcPf (£1) 178 (17/7)
Rockware Gp 7.7pcPf (£1) 153 (12/7). 8pcLn 1995-99 £71 2¼ (17/7)
Ropner 11½pcPf (£1) 130½
Rotork 9½pcPf (£1) 109½ (17/7)
Rowntree Mackintosh (Wrts to subs for) £275 (15/7). 6pcPf (£1) 52 (16/7). 7pcPf (£1) 62 (16/7). 7½pcPf (£1) 67 (16/7)
Ruberoid 10¼pcLn 1990-95 £84 (12/7)
Rugby Portland Cement 6pcLn 1995-96 £62½
Russell (Alexander) 5.75pcPf (£1) 99 (15/7)
STC Intntl Computers 6pcDb 1983-88 £88½. 6¼pcDb 1961-86 £94¼ ¼ ½ (15/7)
Saatchi Saatchi 6pcLn 2015 £120 (17/7)
Sainsbury (J.) 7¼pcDb 1987-92 £83 (12/7). 8pcLn £62½ (15/7)
Salts (Saltaire) 4½pcPf (£1) 32 (17/7). 7pcPf (£50p) 25½ (17/7)
Salvesen (Christian) 122. New 121 2 3 4 5 ½. 5.5pcPf (£1) 72 ½ (12/7)
Samuel (H.) 4.7pcPf (£1) 55½ 8½ (18/7)
Savoy Hotel 9 15p) £92 (16/7). 8½pcLn 1093-98 £74½ (16/7)
Scapa Gp 8pcLn 1988-93 £81 (15/7)
Sears Engineering Hldgs 6pcPf (£1) 50 (12/7)
Victoria Carpet Hldgs Ord (25p) 45 6
Volex Group 7pcPf (£1) 50 (16/7)
Sears Hldgs 7pcAPf (£1) 60½ (17/7). 12½pcPf (£1) 98 (17/7). 7¼pcLn 1992-1997 £78½
Sears, Roebuck Shs of Com Stk ($0.75) $36¾ (12/7)
Selincourt 9¼pcLn 1983-88 £96
Sharpe (Charles) (£1) 350 (15/7)
Shaw Carpets 18pc2ndPf (£1) 101½
Simon Engineering 8pcPf (£1) 48½ (15/7). 7.75pcPf 1992-97 (£1) 99 91½
Slingsby (H.C.) 158♦
Smith Nephew Associated 5½pcPf (£1) 44
Smiths (W.H.) & Son (Hldgs) BOrd (10p) 43 (15/7)
Smurfit (Jefferson) Gp 8pcPf (Ir£1) 28 (17/7). 10½pcLn 1978-95 £61 (18/7)
Somerville (William) & Son 188 (17/7)
Sperati (C.A.) (Special Agency) (80p) 266 (15/7)
Spillers 7¼pcDb 1984-89 £89¼
Spong Hldgs (5p) 17
Stag Furniture Hldgs 10pcPf (£1) 98 (16/7)
Staveley Industries 5¼pcPf (£1) 44 (12/7). 7½pcLn £79½ (15/7)
Steel Brothers Hldgs 9pcLn 1990-95 £79¼ (12/7)
Steetley 8½pcDb 1985-96 £82½
Sterling Industries 1stPf (£1) 43 (17/7)
Stoddard (Hldgs) 4pcPf (£1) 30½ (15/7)
Stone Intntl (20p) 142
Stonehill Hldgs 10½pcPf (£1) 97½
Stormguard (10p) 18 ½ 9 ½
Stothert Pitt 5pcPf (£1) 31 (17/7)
Sunbeam Wolsey 8pcPf (Ir£1) Ir£0.38 (17/7)
Swire (John) & Sons 8.3pcPf (£1) 77½ ½ (17/7)
Symonds Engineering (5p) 14½ (18/7)

T—U—V

TI Grp 5.8pcLn 1989-94 £86 (16/7). 7.7Ln 1989-94 £74¼
Talbot Motor Co 5½pcDb 1964-69 £80½ (17/7)
Tarmac 8¼pcDb 1989-94 £76½ (12/7). 8¼pcLn 1990-95 £91
Tate Lyle 8½pcPf (£1) 56½ 7 ½ (17/7). 5½pcDb 1980-85 £97¼ (17/7). 7¼pcDb 1989-94 £78¼ (12/7). 6¼pcLn 1965-90 £79½ (16/7). 13pcLn 1994-99 £181 (16/7)
Tecalemit 6¼pc2ndDb 1985-90 £88¼ (12/7)
Television South 14/20pcLn 1986-88 £114½ (12/7)
Tenneco Inc 10pcLn 1991-95 £171
Thomson Organisation 4.72pc1stPf (£1) 56. 5.83pcPf (£1) 73 ½. 21.7pcPf 67½ 6 (17/7). 7¼pcLn 1987-92 £70 ¼
THORN EMI 3.5pcPf (£1) 45½ (12/7). 5pcLn 2004-09 £46 (15/7). 8½pcLn 1985-89 £84¼. 8½pcLn 1989-94 £84½
Tilling (Thomas) 4.55pcPf (£1) 57. 5.75pcPf (£1) 83½. 6pcDb 1985-90 £89 (17/7). 8½pcLn 1989-94 £84¼
Tomkins (F.H.) 9¼pcLn 1994 £156 9 (17/7)
Tootal Gp 5pcPf (£1) 43. 4¼pcDb £38 (17/7). 6¾pcDb 1985-90 £81. 7¾pcLn 1989-94 £75½
Towles (10p) 90 (17/7). ANon.V. Ord (10p) 64 6 (17/7)
Trafalgar House 7¼pcPf (£1) 95½ (16/7). 7pcDb (£1) 58 (18/7). 9½pcLn 2000-05 £87. 10¼pcLn 2001-06 £90 1
Transport Development Gp 4.2pcPf (£1) 50. 8¼pcLn 1993-98 £74 (12/7)
Trinity Intntl Hldgs (50p) 246 9. 5pcPf (£1) 41 (12/7)
Trusthouse Forte 6.25pc1stDb 1994-99 £85 ½ 6 (17/7). 10.5pcDb 1991-96 £90¼ 100. 9.1pcLn 1995-2000 £85½ (17/7)
Turriff Corpn 6½pcLn 1983-88 £84½ (12/7)
Tyne Plywood (Hldgs) 5½pcPf (£1) 86 (16/7)
Unigate 6pcPf (£1) 53 (16/7). 5¼pcDb 1983-88 £84 (15/7). 5pcLn 1991-96 £61. 6½pcLn 1991-96 £70¼ (17/7). 6½pcLn 1992-97 £62
Unilever 6¾pcDb 1985-90 £85 8 (17/7). 5¼pcLn 1991-2006 £54 5 ¼ (17/7). 7¾pcLn 1991-2006 £71¼ 2 ¼ ½ ¼
Unilever NV 8pcPf Sub Cert 12 50 (17/7)
Union Intnl Co 6pcPf (£1) 49½ 8. 7pcPf (£1) 52¼. 10pcAPf (£1) 78 (12/7)
Uniroyal 5pc2ndPf (£1) 32 (17/7)
United Biscuits (Hldgs 54 5. 8pcDb 1993-1998 £79¾
United Glass Hldgs 7¼pc1stDb 1987-00 £85 (15/7)
Upton (E.) & Sons 35
Valor 5¼pcPf (£1) 169 (16/7)
Vantona Viyella 4.9pcPf (£1) 81 (16/7)
Vickers 5pcPf (£1) 40½ (17/7). 5pcPf (£1) 82

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, July 18, 1985

Insurance (Life)	+23.96	Consumer Group	+ 2.63
Office Equipment	+21.68	Merchant Banks	+ 2.45
Telephone Networks	+21.06	All-Share Index	+ 1.53
Newspapers, Publishing	+18.21	500-Share Index	+ 0.76
Insurance (Composite)	+16.87	Industrial Group	+ 6.34
Shipping and Transport	+16.09	Insurance Brokers	− 0.38
Stores	+15.91	Investment Trusts	− 0.86
Packaging and Paper	+12.39	Food Manufacturing	− 1.48
Banks	+10.70	Overseas Traders	− 1.85
Contracting, Construction	+10.12	Mining Finance	− 2.63
Metals and Metals Forming	+ 9.50	Health and H'sehold Products	− 2.89
Other Groups	+ 8.32	Mechanical Engineering	− 3.02
Brewers and Distillers	+ 7.24	Chemicals	− 5.56
Financial Group	+ 7.11	Property	− 6.96
Building Materials	+ 6.52	Capital Goods	−10.63
Other Industrial Materials	+ 4.86	Tobaccos	−13.13
Motors	+ 4.36	Leisure	−13.31
Oils	+ 3.47	Gold Mines Index	−14.97
Textiles	+ 3.46	Electricals	−18.09
Food Retailing	+ 2.98	Electronics	−30.91

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.2	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.40	9.27	13.72	6mth
7-day Fnd	12.19	9.11	13.48	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.18	9.10	13.42	6-Mth
7-day Fund	12.32	9.21	13.59	6-Mth
Dollar	6.75	—	—	6-Mth
Money Mngt. Acct.	11.75	8.78	13.14	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc.	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.875	8.875	13.30	Qtr
Mth. Int. Chq.	11.75	8.78	13.30	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.40	8.52	12.65	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.50	8.625	12.90	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.06	9.02	13.426	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.88	8.88	13.44	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	10.0	7.48	10.99	Qtr
£2,500 +	12.50	9.34	13.82	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.25	9.16	13.75	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	12.50	9.34	14.19	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.40	8.52	12.65	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	11.50	8.50	—	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.375	9.25	13.21	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.75	8.78	13.07	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.37	8.50	12.70	Qtr
Provincial Trust (formerly Chomlartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	12.50	9.34	14.19	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 011-557 0201				
Premium Account	11.50	8.59	12.85	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.D.A.	11.65	8.70	12.98	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.804	9.10	13.22	Qtr
Money Acc.	11.87	9.17	13.29	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.10	9.04	13.70	Mth
Over £10,000	12.35	9.23	14.03	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5SE 0752 24141				
High Int Chq Acc.	12.25	9.16	13.54	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. N Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. N Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. 7 Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	16
BAY	32
BOC Grp	25
BSR	16
BTR	52
Babcock	14
Barclays	48
Beecham	32
Blue Circle	45
Boots	15
Bowaters	20
Brit Aerospace	33
Brit. Telecom	11
Brown (J.)	3
Burton Ord	39
Cadburys	14
Comm Union	19
Courtaulds	12½
Debenhams	17½
Distillers	28
Dunlop	6
FNFC	8½
Gen Accident	45
Gen Electric	17
Glaxo	85
Grand Met	25
GUS 'A'	60
Guardian	60
GKN	17
Hanson Tst.	17½
Hawker Sidd.	38
Hse of Fraser	30
ICI	60
'Imps'	18
Jaguar	28
Ladbroke	24
Legal & Gen	50
Lex Service	28
Lloyds Bank	45
Lucas Inds	25
Marks & Spencer	11
Midland Bk	30
NEI	8
Nat West Bk	60
P & O Dfd	36
Plessey	17
Polly Peck	26
Racal Elect.	18
RHM	11
Rank Org Ord	32
Reed Intnl	50
Sears	8
TI	20
Tesco	20
Thorn EMI	35
Trust Houses	13
Turner Newall	10
Unilever	85
Vickers	19
Property	
Brit Land	12
Cap Counties	18
Land Secs	25
MEPC	28
Peachey	22
Samuel Props	14
Oils	
Brit. Oil & Min.	4
Brit Petroleum	42
Burmah Oil	18
Charterhall	6
Premier	5
Shell	60
Tricentrol	18
Ultramar	19
Mines	
Charter Cons	18
Cons Gold	44
Lonrho	14
Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

A PHOTOGRAPHIC EXHIBITION

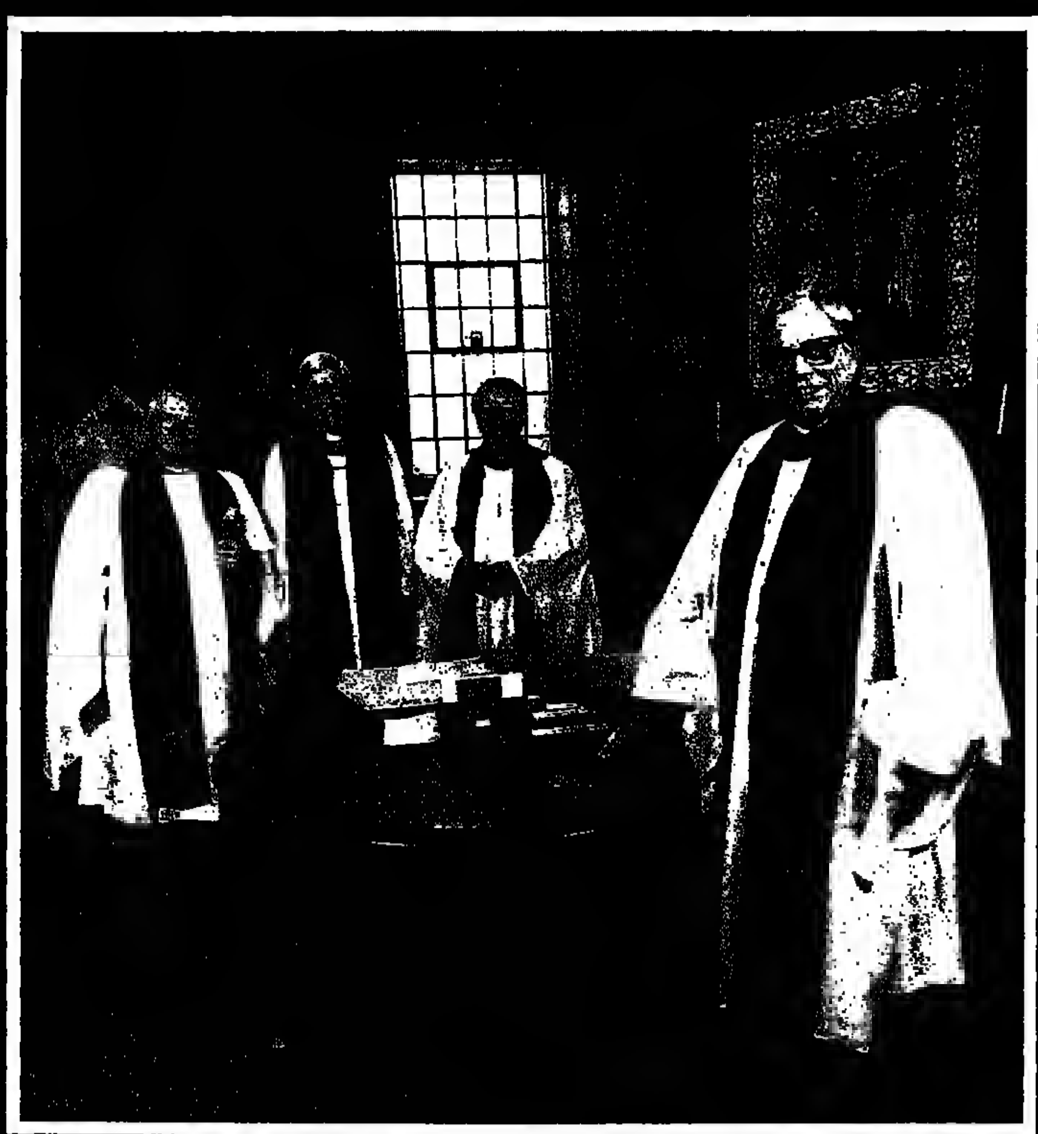
St PAUL's the City's Cathedral

On July 3rd 1985, Her Majesty Queen Elizabeth the Queen Mother officially opened the photographic exhibition "St. Paul's – The City's Cathedral". The exhibition illustrates not only the familiar parts of Wren's famous cathedral, but also those parts that the general public does not normally see – the people behind the scenes who contribute to the smooth running of the cathedral.

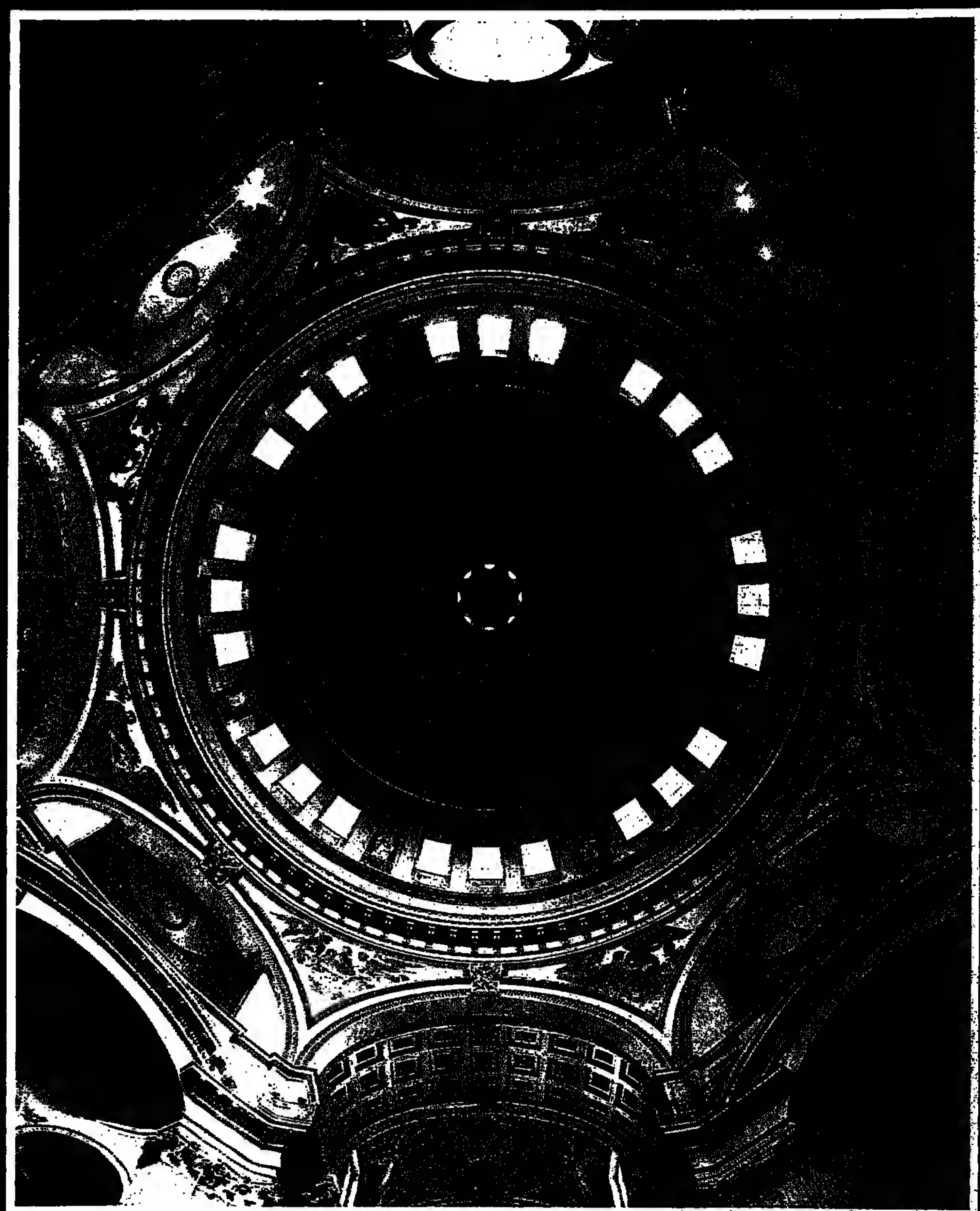
It is a light-hearted insight into every aspect of cathedral life, from the stonemasons to the organist, depicted in some 80 brilliant colour photographs. It is a unique collection of photographs taken by Financial Times photographers Roger Taylor and Glyn Genin, over a period of two months, in the Spring of 1985.

"St. Paul's – The City's Cathedral" is on display throughout the Summer and Autumn of 1985, in the Crypt of St. Paul's, between 10.00 a.m.-4.15 p.m. until mid-September and thenceforward from 10.00 a.m.-3.15 p.m. Admission price to the Crypt is 70p.

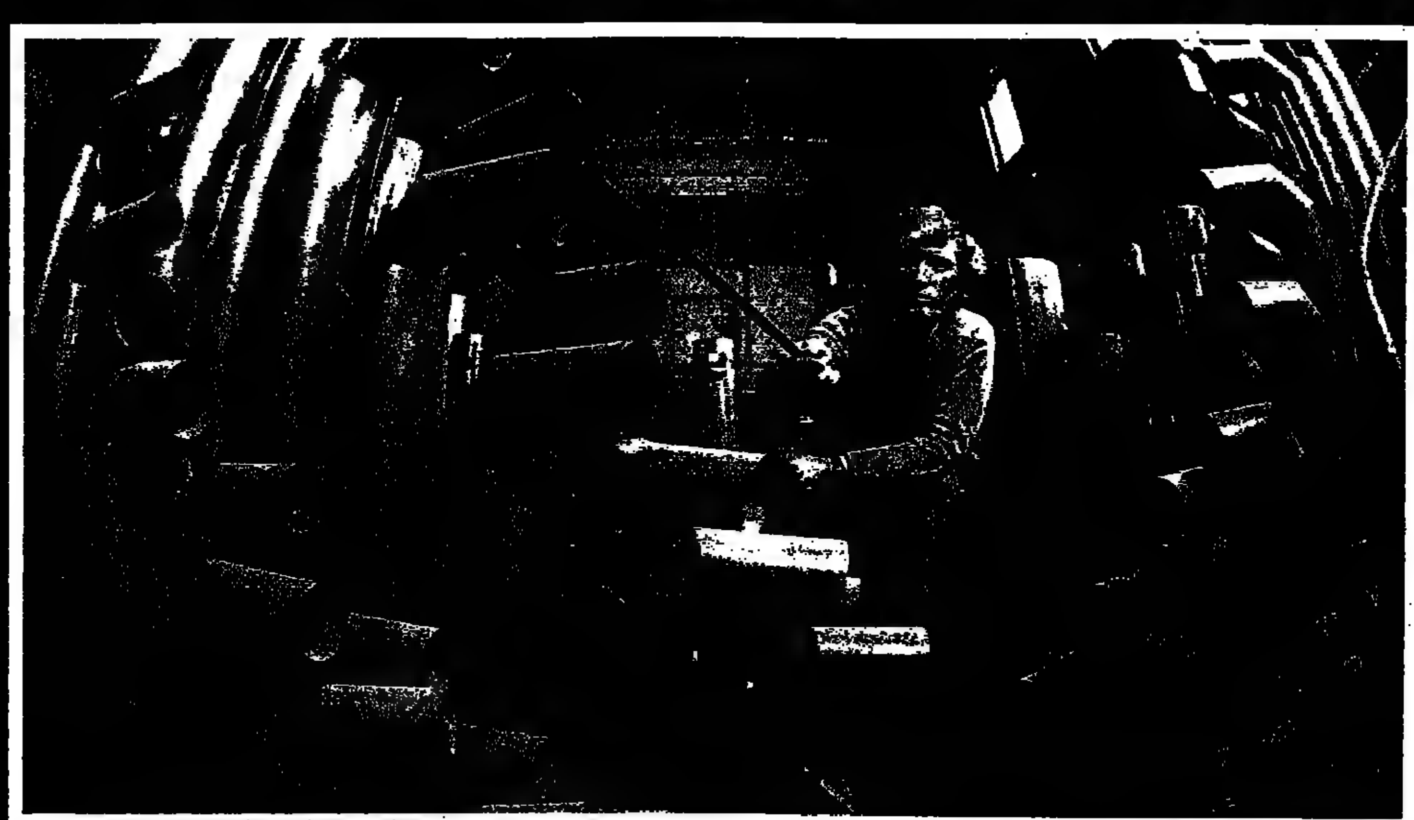
This exhibition has been sponsored by The Financial Times, 3M, Brennan Whalley Design Consultants, United Services Exhibitions, PW Graphics, CPL Colour Processing Limited, Edenbridge, and Service Photography and Display Limited. The photographs were taken on 3M colour negative film and printed on 3M photographic paper.



The Dean and Chapter



Wren's masterpiece – the dome of St Paul's, second largest in the world.



Tuning the cathedral's organ.

APPOINTMENTS

New chief for Dow Scandia

DOW SCANDIA HOLDINGS has appointed Mr Rainer Plentl as chief executive officer from last August. He succeeds Mr Henry Angst who is returning to his native Switzerland, to take up a senior position in Dow Financial Services with additional responsibilities as an executive committee member of Dow Banking Corporation, a Dow Financial Services Group company. Mr Plentl, previously a vice-president of the Canadian Imperial Bank of Commerce, Toronto, has had extensive experience in international banking including senior assignments in London and Paris, as well as Canada. From 1980 to 1983 Mr Plentl served as chief executive of CIBC in London.

Dow Scandia Holdings is owned by Dow Financial Services Corporation, the majority shareholder, and two of Scandinavia's leading regional banking organisations: Sundsvallsbanken, Sweden and the Bank of Helsinki, Finland. Dow Scandia's principal subsidiaries are the wholly-owned Arbuthnot Latham Bank and stockbrokers Savory Milln in which a 29.9 per cent shareholding is held pending full ownership when The Stock Exchange rules permit.

SMITH AND WILLIAMSON has appointed Mr Jeremy Boadle, Mr Simon Woods and Mr Graham Healy as partners. They are also appointed directors of Smith and Williamson Securities, the firm's financial services company.

★

Mr I. A. Gordon Grant, assistant general manager of BANQUE NATIONALE DE PARIS plc, London, has been appointed company secretary in succession to Mr Fraser Murray.

★

Mr Robin Duval has been appointed to the post of chief assistant (television) at the INDEPENDENT BROADCASTING AUTHORITY with particular responsibility for the supervision of fictional and entertainment programmes. He comes from the central office of information where he was head of UK film and television production.

★

Mr James Remington-Hobbs has been appointed to the board of COUNTY BANK and to the board of COUNTY SECURITIES as managing director, U.S.

★

The retail division of Michael Peters and Partners has been formed into a separate company, MICHAEL PETERS RETAIL. The chairman is Mr Michael Peters, and the new company will be headed by Mr Rob Davie as managing director, and Mr Paul Mullins as creative director.

★

Mr Bob Wilson, who joined L'OREAL in 1980, has taken over the factory at Llantrisant, South Wales, from Mr Don Jinks, operations director, who has retired.

★

Mr Andrew Harter, until recently a main board director responsible for sales and marketing of G. Ruddle and Co., has been appointed a director of BULL THOMPSON AND ASSOCIATES, executive search and corporate consultancy company.

★

Mr Robert E. Beale, head of SAMUEL MONTAGU'S dealing division since December 1984, has been appointed a managing director of the bank. He joined Samuel Montague in 1962 and became an executive director in 1976.

★

Mr James G. West has been appointed to the board of GLOBE INVESTMENT TRUST as deputy managing director. He has been part of Globe's investment management team since 1973 and has had particular responsibility for the management of its UK portfolio.

★

Mr M. F. Radcliffe has been appointed managing director of BRUSH TRANSFORMERS. He succeeds Mr R. C. Ballantyne who has retired as managing director and chairman of the company. Mr T. W. B. Sallitt, a director of Hawker Siddeley Group, joins the board of Brush Transformers as chairman. Brush Transformers is a Hawker Siddeley company.

★

Mr David Willetts, a partner in Neville Russell, is to join the board of HABIT PRECISION ENGINEERING as a non-executive director. Neville Russell are auditors to the company, but will resign to facilitate Mr Willetts' appointment.

★

Ms Victoria Glaysher has been appointed to the board of PREMIER COMPUTERS—European operating-arm of Dataserv Inc.

★

Mr Steven Gottlieb and Mr George Cannon have been appointed non-executive directors of MIDSUMMER INNS. Mr Gottlieb is chairman of S. F. Publications and Edenlake. Mr Cannon is chairman of Portsmouth and Sunderland Newshops, Eskfood Holdings, and Resources International.

CONTRACTS

ICL wins £16m orders

ICL has obtained four major orders for the One Per Desk voice/data terminal which together total £16m. New distribution agreements have been signed in New Zealand and South Africa and existing distributors in the UK and Australia have placed further substantial orders for the product. Since its launch in November, 1984, worldwide sales of the ICL One Per Desk (OPD) are valued at over £30m.

The New Zealand Post Office has signed a distribution agreement valued at £1.5m for OPD and will formally launch the product as the Computerphone later this year. The New Zealand Post Office sees application for OPD in the country's viewdata network and public electronic mail service. There has also been interest from New Zealand's farming community.

British Telecom, which sells OPD as Tonto in the UK through its local sales operation, has placed a further order for the product worth £8m. This follows British Telecom's initial order last year for £4.5m worth of the ICL OPD. Similarly, Telecom Australia has increased its initial order by £2 to include colour screens, printers and Xchange software capsules.

★

CLAUDIUS PETERS, Hamburg, a Babcock International company, has received orders from the USSR and Finland for the supply of two plaster production plants valued at more than DM32m (£8m). In the USSR, the Ministry of Civil Engineering and Building Activities has placed a contract for the supply of a turnkey plant at Tula. This plant will have a daily output of 1,500 tones and allow bulk loading into railway wagons and road tank cars as well as bag filling and palletising. For the extension of its works in Kirkkonummi, Gyproc Oy/Finland has placed an order for a full calcining installation with a daily capacity of 840 tonnes.

★

BOUGHTON ENGINEERING of Buckinghamshire has won a contract to supply 15 trucks to the U.S. army. The vehicles, valued at £1.05m, will join six larger trucks, valued at £600,000, already supplied by the company to the U.S. 9th Infantry Division for trials.

★

KENT PROCESS CONTROL, a Brown Boveri Kent company, has won a contract worth nearly £750,000 to supply a complete distributed process control system for the second float line being built at Sklo Union's glass plant at Teplica, Czechoslovakia. The order was placed by the Czechoslovak trading organisation KOVO. The Kent P4000 distributed computer system will monitor and control the complete manufacturing process — tank, bath and Lehr—to ensure maximum efficiency of operation and quality of the product. A continuously updated picture of plant status will be displayed on two screen-based operating stations. The system will be linked to another Kent distributed system which includes a logger, enabling the composite presentation of management information. Design and manufacture of the Kent P4000 system will take place in the UK at Kent Process Controls Luton facility. Deliveries are expected to take place during the second half of 1986.

★

State of the art medical technology is presenting some interesting challenges for the team from LOVELL FARROW CONSTRUCTION, building a £2.1m extension to the Churchill Clinic in Lambeth Road, London SE1. The extension, which has a total area of more than 1,500 sq metres on six floors, will add 50 per cent more space to the clinic. The basement is to be equipped as a magnetic resonance imaging suite and will house a Siemens whole body scanner. To accommodate this machine, Lovell Farrow has installed a 30 tonne padstone of concrete under the basement floor. At the heart of the scanner is an eight-ton superconducting electromagnet which has an extremely strong and constant magnetic field. This will necessitate the installation around the scanner room of a special magnetic shielding layer consisting of laminations of steel to a total thickness of half an inch, assembled to very close tolerances.

Economic Diary

MONDAY: EEC Foreign Ministers start two-day meeting in Brussels. CBI/FT survey of distributive trades to the end of June. TUC finance and general purposes committee meets, Congress House. Nottinghamshire miners' area council meets, Mansfield. Britain and Spain sign extradition treaty.

TUESDAY: British Gas annual report. KLM Royal Dutch Airlines annual report. Annual meetings of Courtaulds, and Reed International.

WEDNESDAY: May provisional figures for new construction orders. Detailed analysis of employment, unemployment, earnings, prices and other indicators. TUC general council meets. Labour Party NEC meets. British Shipbuilders annual report. Statement by Sir Terence Beckett, CBI director general. Swedish Finance Minister hosts annual economic seminar, Visby, Sweden. Beecham group annual meeting. Burton bid for Debenhams closes.

THURSDAY: EEC steel council meets, Brussels. April figures for sales and orders in the engineering industries. May energy trends. Second quarter provisional figures for brick and cement production and deliveries. Balance of payments current account and overseas trade figures for June.

FRIDAY: Commons rises for summer recess.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99½	[illegible]	Treas 8¼pcCnv '85	99½	.....	[illegible]	12.33
101	99	Exch. 12¼pc 1985	100½	.....	[illegible]	11.48
101	[illegible]	Exch. 11¼pc '86	100¼	–⅛	11.2	11.32
99½	97	Treas. 10pcCnv 1986	99	.....	10.	11.10
95	[illegible]	Treas 3pc 1986	95¼	.....	[illegible]	9.23
100	[illegible]	Exch. 10½pc Cv '86	99	.....	[illegible]	10.94
101⅞	[illegible]	Treas 12pc 1986	101	.....	[illegible]	10.73
98¼	[illegible]	Treas 8¾pc 1984-86‡‡	90	–⅛	8.4	10.71
105	[illegible]	Exch. 14pc 1986	103½	–⅛	[illegible]	10.88
93	[illegible]	Exch. 2½pc 1986	95¼	.....	[illegible]	7.90
104	[illegible]	Exch. 13¼pc 1987	103	–⅛	[illegible]	10.86
99½	[illegible]	Treas 10¼pcCv '87	99¼	–⅛	[illegible]	10.78
91	85½	Exch 2½pc 1987	91	–⅛	2.7	8.25
99	96¾	Exch. 10½pc 1987	99	–⅛	[illegible]	10.82
93½	89	Funding 6½pc '85-87‡‡	93½	–⅛	6.	10.58
98	95½	Treas. 10pc 1987	92	–⅛	10.	10.76

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
48	28	Maidstone Hldgs 10p	37	.....	—	—	—	—
328	202	Man-Ship Can. £1	307	.....	5.5	3.5	2.6	16.1
104	75	Marley	77	−1	3.75	2.2	7.0	9.3
107	52	Marling Ind. 10p	87	.....	3.0	5.6	2.1	10.2
74	36	Marshall L'ey. 'A'	61	.....	2.4	4.9	5.6	4.4
77	61	Marshall's Universal	65	.....	2.0	1.4	4.5	(20.0)
86	78	Do. 7½pcCnRedPf £1	82	.....	7½%	—	13.1	—
22	22	Martin-Black	22	.....	—	—	—	—
£97	£81	Mathesons 7¾%	£95	.....	Q7¾%	23	8.5	—
35	26	Maxiprint 1p	30	.....	—	—	—	—
477	375	Metal Box £1	438	−2	17.25	3.1	5.6	6.6
170	134	Metal Closures	134	−2	6.7	2.0	7.1	8.4
17	9	Metal Sciences 2½p	9	−1	—	—	—	—
104	73	Midland Marts	82	+2	4.0	♦	7.0	♦
83½	67	Mitchell Cotts	67	.....	4.0	1.5	8.5	9.6
230	182	Morgan Crucible	195	−1	8.0	1.6	5.9	13.5
32½	22	Morris (W) F.A. 20p	29½	.....	g0.5	♦	2.4	♦
110	91	Moss (Robt.) 10p	93	.....	3.0	2.5	4.6	10.3
81	68	Myson Grp 10p	72½	+½	g2.5	3.4	4.9	13.8
328	214	NMW Computers	245	.....	4.8	2.7	2.8	18.8
43	28	Nash Inds.	30	.....	2.5	1.5	‡	6.9
48	20	Neil & Spencer 10p	22	.....	♦	—	—	6.6
44	14½	Newman Inds 10p	34	.....	—	—	—	(16.1)
55	43	Nolton	47	+1	1.17	4.5	5.2	7.8
183	146	Norcros	170	+2	8.6	2.2	7.2	8.5
67	50	Nu-Swift 5p	52	+1	3.0	1.6	8.2	10.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap Stock".
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
♦ Figures or report awaited.
♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Dealt in under Rule 535(3).
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♦ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	96	.....	Arnott	180	.....
Craig & Rose £1	700	.....	CPI Hldgs	56	.....
Finlay Pkg. 5p	61	.....	Carroll Inds.	136	+2
Higsons Brew	225	.....	Dublin Gas	70	+1
Holt (Jos) 25p	725	.....	Hall (R. & H.)	56	.....
IoM Stm. £1	85	.....	Helton Hldgs.	19	+1
IRISH			Irish Ropes	47	.....
Fund 11¾% 1988	£100¼	.....	Jacob (W. & R.)	80	.....
Nat. 9¾% 84/89	£96½xd	.....	Unidare	67	.....
Fin. 13% 97/02	£109¼	−⅛			

"Recent Issues" and "Rights" Page 14

Fin.

FINANCIAL TIMES
Saturday July 20 1985

U.S. plan for new Gatt talks stalled

BY WILLIAM DULLFORCE IN GENEVA

A SMALL GROUP of developing countries led by Brazil yesterday stalled the efforts of the U.S. and other industrialised countries to organise new international trade negotiations.

Brazil and its allies, which included India, Nigeria, Argentina and Nicaragua, prevented the Council of the General Agreement on Tariffs and Trade (GATT) in Geneva from reaching a consensus on convening a meeting in September of senior officials to prepare the new round of talks.

The U.S. said it would call on Sr Felipe Jaramillo, the Colombian chairman of the Gatt contracting parties, to call a special session of its members in September. The U.S. move was later supported by the European Economic Community, Japan and Canada.

It is the first time such a mechanism has been used in Gatt. The U.S. can achieve its aim if 46 of the organisation's 90 members agree to the move, but it will have broken a Gatt tradition that decisions should be arrived at by consensus.

The point on which the council stuck was Brazil's insistence that the industrialised nations had to guarantee in advance that talks about trade in services should be kept separate from a new round of negotiations about trade in goods.

Sr Paolo Nogueira Batista, the Brazilian ambassador, rejected successive compromise resolutions underlining that participation in a preparatory meeting would not commit any country to future action on services.

Mr Peter Murphy, the U.S. Ambassador to the Gatt, yesterday expressed American frustration that "silly procedural manoeuvres" had put the council into stalemate.

He tied the unprecedented U.S. move for a special session of Gatt contracting parties to growing protectionist pressures on the Reagan Administration said that holding the special session might not turn the tide of protectionism in the U.S., but not holding it would be a "prescription for disaster."

He was confident that a majority of the Gatt members would support the call for a special session and that there should be time to arrange it by September. The U.S. is expected on Monday to submit its written request for the session.

Mr Tran Van-Thinh, the EEC Ambassador, said the Community and Spain and Portugal which are due to join next January, backed the U.S. action.

Unjustifiable blockages had begun to appear in the Gatt system and the organisation's survival was in question, Mr Tran said.

● The EEC and Brazil joined forces in the Gatt council on Thursday to oppose the U.S. on the issue of shoe quotas. They strongly condemned a recommendation by the U.S. International Trade Commission that a quota of 474m pairs a year be imposed on U.S. imports of non-rubber footwear with a customs value of more than $2.50 a pair.

U.S. judge rejects Boots' drug plea

By Tony Jackson

BOOTS, the retail and drugs company, has suffered a legal setback in its U.S. marketing plans for ibuprofen, its anti-arthritis drug.

The drug is by far the most important in the Boots portfolio. It is available in both the UK and U.S. without prescription and Boots hopes to develop it as an all-purpose painkiller to rival aspirin.

The drug went out of patent in the U.S. in May, and a number of U.S. drug companies have been working on generic versions. Earlier this year, Boots applied for an injunction to stop one company, Mylan Pharmaceuticals, marketing the drug, claiming that Mylan had infringed Boots' patents in its development work.

Judge William Kidd, of the Northern District Court of West Virginia, has rejected the Boots application, saying that pre-patent testing on drugs such as Ibuprofen was common practice in the industry. He strongly criticised attempts by Boots to swamp the market with its own generic version of the drug.

In January, he said, Boots analysed the potential post-patent market for generic Ibuprofen. It concluded that generic sales would capture as much as 22 per cent of the overall Ibuprofen market and would exceed $8m (£5.8m) in 1985 and $20m in 1986.

The judge continued: "They concluded that unless they took drastic action generic competitors, including Mylan, would obtain at least 50 per cent of this market by the end of 1986

"Boots therefore established a so-called 'generic ibuprofen task force.' This task force determined and recommended a plan by which Boots would immediately develop its own line of generic ibuprofen and flood the American market with it . . . before the generic companies could receive FDA (Food and Drugs Administration) approval."

On May 1, Boots raised the price of its branded ibuprofen, called Rufen, by 8 per cent. On June 1, it introduced a generic version at a price 20 per cent lower.

"Boots are presently shipping vast quantities of generic ibuprofen all over the United States in an effort to monopolise the market," Judge Kidd said.

Boots' own marketing documents showed that it used its patent to try to extend its monopoly power into the post-patent period—"the essence of patent misuse."

The judge said the UK and U.S. companies in the Boots group "come to court with unclean hands, because of their market flooding plan which was concealed from the court." The term "with unclean hands" is a legal form meaning that the plaintiffs in a case are not themselves blameless.

Boots said: "Ibuprofen is a product of Boots research. It will continue to be our intention to capitalise on the product's potential worldwide, in the U.S. particularly. We are also proceeding with litigation against companies who are intending to launch a generic product, but are not complying strictly with the legislation. We are appealing against this judgment."

Beecham clinical test, Page 4

THE LEX COLUMN

A filibuster for the dollar

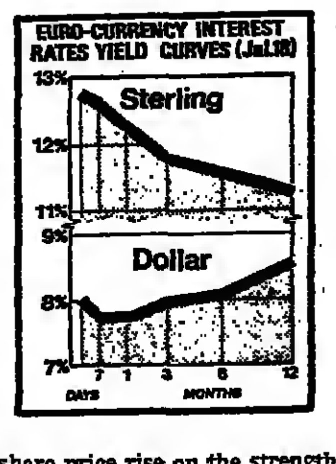
This weeks' news that Congressional talks about cutting the U.S. budget deficit had broken down may have been the best news for the dollar in months. At the beginning of the week, the dollar had been falling without much to stop it, on the assumption that the economy was slowing down and the Federal Reserve would be relaxing interest rates still further. That idea now seems rather compromised by the legislative impasse.

Te Fed has made it reasonably clear that any discount rate cut will be tied to progress on the deficit. So dollar holders in theory are doubly protected while Congress is deadlocked—the deficit both keeps rates high because of the Government's demand for funds, and it discourages the Fed from easing further.

Even so, interest rate differentials are still heavily in favour of sterling, especially at the short end where the Bank of England is keeping money tight. Though both the U.S. and the UK seem almost to have abandoned the targeting of monetary aggregates, the feeling seems to be that Britain is more serious about controlling inflation.

It looks as if the Government is using exchange and interest rates to achieve this. A high pound should keep the costs of imported raw materials down, while the impact of both interest and exchange rates on profit margins may help to reduce wage settlements. If the deal offered to the CBI is that interest rates and sterling will be kept high unless wage settlements are moderate, then the changes of another base rate cut soon are slim. The gilt market seems to have got the message—it has been moving up and down with sterling, suggesting that the only real interest is from abroad.

Index rose 2.6 to 935.4



Extel

It seems only yesterday that U.K. companies were raising capital through rights issues for no very good reason. And, lo, it was yesterday that Extel entered the market with a one-for-five for all the world as if there had been no Hanson Trust, no English China Clays. And things cannot be as bad as they seem if the underwriting passed off smoothly and the Extel share price closed at only 15p down—a mere 2p discount to the notional ex-rights price.

Extel has been in the fortunate position of watching its share price rise on the strength of buying by the Egyptian businessman, Mr Ashraf Marwan. Whatever the virtues of diluting a stake now over 6 per cent—or of using the subsequent share price strength as a reason for staying in the queue while all around were bowing out—Extel has offered the City a discount, at 19 per cent to Thursday's close, which would have seemed timid six months ago.

With net borrowings of only £8m in June, Extel could have gone to its banks to finance a capital expenditure programme this year of £22m. Half of this is designed to finance colour monitors to carry the wonders of television into bookmakers' premises—before this great and dreadful step has the approval of Parliament. That Extel has taken the opportunity to touch shareholders for £7m on top may be pardoned, given its record in deriving a return—the U.S. computer business excepted — from a heterogeneous portfolio.

New issues

Even if Extel is confident enough now to call for cash, it is a brave company which tries to come to the market, particularly in the electronics or oil sectors. In the past few weeks, two companies, Cambridge Instruments and Advanced Music Systems, have pulled their issues, another — CAP — has cuts its subscription price by about a third, and those that ventured in without trimming their prices to the sliding market—like Chrysalis—have seen their issues flop.

It is not as if the underlying market were all that bad. But sentiment towards new issues tends to wax and wane more violently than in the secondary market, and a couple of bad issues cast a pall over those further on in the queue—the more issues flop, the less the stags will want to subscribe to future ones. If institutions who are underwriting think the issue is going to turn sour, they will certainly not bother to subscribe as well.

Meanwhile, the issue queue has more holes than a strip of Meccano. And the dates that are booked are for offerings—like the rest of Britoil, Wellcome, TSB, British Gas and British Airways—that are large enough to keep fund manager busy signing cheques well into next year.

Australian beer

If the U.K. beer market has been a flat place of late, and Allied-Lyons one of the flatter performers, then there is nothing like a shift of continent to add some sparkle. Allied is now embroiled in what looks like an unholy battle between the three main Australian brewers with the offer yesterday by the owners of Swan for half of Castlemaine, in which Allied has a 24.9 per cent stake. Elders has taken a small stake in Allied.

The complexities of the story so far are nothing to the possible outcomes. Allied has managed to put itself back on the UK lager map with Castlemaine's XXXX lager: it seems never to have had any interest in buying Castlemaine outright, but would certainly wish to protect its access to the brand. Equally, Elders (which brews Fosters lager) would like some say in the future of the battle and may have chosen Allied as the best way in. As for Mr Alan Bond of Swan, it is anybody's guess what he is after beyond yet more beer and the cash it generates for acquisitions.

Allied is in an intriguing position. Mr Bond is offering A$7 per Castlemaine, which is substantially above the price Allied paid in cash for its Castlemaine shares. Even if Castlemaine lost its independence—which looks less than wholly likely in a fiercely regional state such as Queensland—Allied could probably retain the UK distribution of 4X. Or, for that matter, it could play the white knight.

Swan bids for half Castlemaine

By Lachlan Drummond in Sydney

BOND CORPORATION of Western Australia is bidding A$500m (£253.6m) for a half share in Castlemaine Tooheys, the second largest brewer in Australia, in which Allied Lyons of the UK has a 24.9 per cent stake.

Bond Corporation, a brewery, property and resources group headed by Mr Alan Bond, is believed to have built up a shareholding in Castlemaine of about 15 per cent in recent weeks.

The move is an audacious one for Bond Corporation, which owns the Swan brewery in Perth. The group has a stock market value of A$210m compared with A$1bn for Castlemaine at the bid price of A$7.10 a share which the Castlemaine directors have rejected as totally inadequate.

Castlemaine controls about 30 per cent of the total Australian beer market. It has a 50 per cent market share in the state of New South Wales and 70 per cent in Queensland. Bond's Western Australian monopoly gives it about 10 per cent of the national market.

Bond has been softening up Castlemaine during the past six weeks with intermittent heavy buying. Castlemaine has been aware for some time of the exposure provided by its debt-free balance sheet and strong profits.

The Australian monopolies authority, the Trade Practices Commission, has decided not to interfere.

It has noted that success would further concentrate the industry's ownership structure but said it was a matter of fine judgment whether such a combination would infringe the Act.

However, its statement included a thinly veiled threat to the Elders IXL group, owner of Carlton and United, the country's leading brewer. Elders has refused to confirm reports that it has a stake rumoured at between 2.5 and 7 per cent, in Allied Lyons.

Lisa Wod adds: Allied Lyons, which has recently launched Castlemaine XXXX lager in the UK, took a cautious line yesterday. "We have not considered all the aspects," Sir Alex Alexander, vice-chairman, said. "Our investment is now very valuable and we are examining all the possibilities. It is premature to comment on any course of action."

Argentina offers IMF tougher national economic targets

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ARGENTINA has sent the International Monetary Fund a new set of economic targets which are even tougher than those agreed with the fund last month.

The IMF executive board is expected to approve the new targets on August 9, paving the way for an immediate resumption of withdrawals by Argentina from its SDR1.4bn (£1.02bn) loan facility at the fund, agreed last December but frozen since March.

The targets include a downward revision of forecasts for inflation—now running at 1,100 per cent a year—and the budget deficit. This has been made possible by the sweeping austerity measures introduced six weeks ago by the government of President Raúl Alfonsín.

These measures, which include an indefinite wage and price freeze, go much further than the IMF had sought. Hence there is hope in the banking community that Argentina may be on its way at last to deal effectively with its intractable economic problems.

"President Alfonsín told me he is completely committed to the success of the programme," Mr William Rhodes, the Citibank executive who is chairman of the debt rescheduling talks between Argentina and its creditor banks, said yesterday.

He expected commercial bank creditors also to sign their $4.2bn (£3bn) loan to Argentina in early August. Commitments to the loan are only $35m short of the total, though some small lenders in Colombia, Spain, Switzerland and the U.S. are resisting involvement.

Completion of the loan would raise confidence in the financial system amid uncertainty as to whether Brazil will adopt an IMF economic stabilisation programme.

Mr Jacques de Larosière, the IMF managing director, has yet to endorse the new Argentine targets, but there is widespread expectation at the fund's headquarters in Washington that he will signal his approval to the government in Buenos Aires soon.

A first withdrawal of SDR 236m through Argentina's IMF facilities would help to pay off the $483m bridging loan granted by the U.S. and 11 other countries last month.

Subsequent disbursements would continue to depend on Argentina's economic performance. Bankers say they will be watching to see how well the Government exercises control over expenditure by state industries, which are notorious for over-staffing and lax administration.

Our Buenos Aires correspondent adds: The new targets include a reduction of the projected budget deficit to 4.5 per cent of the gross domestic product, from 6 per cent under the previous programme.

Money supply growth is to be further curbed and inflation is to drop to just 8 per cent for the last six months of the year.

The revised budget for 1985, sent to Congress this week, is based on an expectation that inflation will not be more than 1 per cent a month for the rest of the year, congressional sources said.

Continued from Page 1

Italian lira devaluation expected

France was sticking to a "hard money" policy to beat inflation.

Neither Amsterdam nor Brussels saw much of a case last night for adjusting the parities of their currencies, though the Belgian franc suffered some speculation early in the week because of the domestic political crisis. The Dutch guilder has recently been stable, and holding a position close to its central parity in the EMS.

The general absence of any undue stress within the EMS over the last few days and weeks left many observers surprised and puzzled by the possibility of a realignment after yesterday's extraordinary events inthe Italian markets.

The Italian Cabinet is meeting this morning to discuss what economic measures to take to accompany a devaluation, while EEC deputy finance ministers and senior treasury and central bank officials will meet this morning in Brussels to prepare for tre finance ministers' discussions later in the day.

An Italian Government statement last night said that the decline of the U.S. dollar in the past five months, together with a sudden slowing of growth in the U.S. economy and a corresponding drop in demand among Italy's trading partners in the EEC had contributed to "accentuating the difficulties of the Italian balance of payments."

It added that domestic demand in Italy had risen as had prices and costs.

The lira has not been recently under pressure in the EMS. Indeed Italian exporters attribute many of their difficulties in EEC markets to the fact that the Italian currency was over-valued.

Italy has suffered record deficits in its balance of trade and the latest figure for May, released yesterday, showed a L3,010bn deficit for the month, bringing the total trade deficit in the first five months of 1985 to L14,554bn. This is about 75 per cent of the total deficit for the whole of last year.

The balance of payments has registered a deficit of L8,000bn in the first five months of this year, and Italy was expecting a current account deficit of between $6bn and $7bn for the year as a whole.

The lira's dramatic plunge took place on an otherwise quiet day in the foreign exchange markets, and the movement appeared to take monetary officials throughout Europe completely by surprise.

The fixing of lira 2,200 against the dollar represented a 19.6 per cent devaluation compared with its value on Thursday but in the confusion currency cross rates were temporarily out of kilter.

The D-mark has been fairly stable at just above the middle of its range in the EMS's exchange rate mechanism in spite of the dollar's decline.

The growing West German trade surplus, which pushed its current account of the balance of payments into a surplus of DM 5.9bn in May, has led to some speculation that the D-mark might be revalued if there were to be an extensive series of realignments following the lira's crisis.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Ashley Indl Tst	17	+ 2	Treas 11½pc 2001-04	£111⅞	− ¼
Baker Perkins†	10pm	+ 5	Allied Colloids	133	− 10
Beecham	313	+ 7	Cluff Oil	32	− 8
Christies Intl	228	+ 5	Extel	333	− 15
Glaxo	£12¼	+ ¼	Falcon Resources	52	− 8
Grand Metropolitan	296	+ 6	Gestetner	103	− 9
MK Electric	263	+ 8	Laing (John)	250	− 8
Marks & Spencer	146	+ 4	Microvitec	43	− 17
Neepsend	21	+ 4	Mowlem (J.)	248	− 10
Nottingham Manuf.	262	+ 8	Rexmore	19	− 3
Penny & Giles	140	+ 7	Spectrum	10	− 10
Petranol	140	+ 5	Tarmac	330	− 8
Plessey	146	+ 4	Thorpac	60	− 10
Schroders	890	+ 20			
Sumrie Clothes	40	+ 10			
TI	304	+ 6			

† Nil-paid

WORLDWIDE WEATHER

UK today: Sunny periods at first, showers later. Rather cool. Outlook: Showers, sunny intervals.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	Corfu	S	31	88	Luxmbg.	C	17	63	Peking	S	28	82
Algiers	S	29	84	Dallas†	F	24	75	Madeira	C	23	73	Perth	C	18	64
Amsdm.	F	18	64	Dublin	F	14	57	Madrid	S	33	91	Prague	F	25	77
Athens	S	30	86	Dbrvnk.	S	29	84	Majorca	S	30	86	Reykjvk.	F	9	48
Bahrain	S	35	95	Ednbgh.	F	15	59	Malaga	S	27	81	Rhodes	S	30	86
Barclna.	S	27	81	Faro	S	24	75	Malta	S	29	84	Rio J'o		—	—
Beirut		—	—	Florence	F	32	90	M'chstr.	R	13	55	Rome	S	29	84
Belfast	F	11	52	Frankft.	F	23	73	Melbne.	F	10	50	Salzbrg.	F	21	70
Belgrd.	S	29	84	Geneva	S	25	77	Mx. C.		—	—	S F'cisc†	F	13	55
Berlin	C	24	75	Gibraltar	S	29	84	Miami†	F	24	75	Singapr.	S	28	82
Biarritz	C	25	77	Glasgow	F	15	59	Milan	F	30	86	S'tiago		—	—
Bmghm.	C	15	59	G'rnsey	C	16	61	Montrl.†	C	21	70	Stckhm.	F	21	70
Blackpl.	S	14	57	Helsinki	S	19	66	Moscow	F	21	70	Strasbg.	F	24	75
Bombay	F	29	84	H. Kong	C	28	82	Munich	S	25	77	Sydney	F	13	55
Bordx.	C	23	73	Innsbrk.	F	22	72	Nairobi	F	23	73	Tangier	S	24	75
Boulgn.	C	17	63	Invrnss.	R	15	59	Naples	F	27	81	Tel Aviv	S	28	82
Bristol	C	17	63	I.o.Man	S	15	59	Nassau		—	—	Tenerife	S	26	79
Brussels	C	19	66	Istanbul	S	29	84	Nwcstl.	F	14	57	Tokyo	S	30	86
Budpst.	F	27	81	Jersey	F	17	63	N Delhi	C	30	86	T'ronto†	C	19	66
Cairo	S	32	90	Jo'burg	S	14	57	N York†	S	24	75	Tunis	S	31	88
Cardiff	C	17	63	L. Plms.	S	24	75	Nice		—	—	Valencia	S	29	84
Cape T.	S	16	61	Lisbon	S	24	75	Nicosia	S	29	84	Venice	S	28	82
Chicg.†	F	21	70	Locarno	F	27	81	Oporto	S	22	72	Vienna	S	27	81
Cologne	F	19	66	London	R	15	59	Oslo	R	16	61	Warsaw	C	27	81
Cpnhgn.	F	18	64	L. Ang.†	C	19	66	Paris	F	20	68	Zurich	C	25	77

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Legal dollar power

Continued from Page 1

lant about the legal influx. The Taxi Drivers Association with "6,000 paid-up members and goodness knows how many who owe us money"—was left feeling a little cheated. Mr Arnold Sandler, the association's chairman, explained:

"Demand is certainly up and in theory you would imagine we'd all be making a fortune. But the problem is the traffic. The traffic in London this summer has intensified to a degree that we have found unbelievable.

"The day the Americans arrived we had a call from the police about the length of the taxi queue at Victoria Station. But our drivers couldn't get into the station—it was taking 20 minutes to get from Vauxhall Bridge Road to the head of the queue. No cab driver can afford to wait that long for a fare.

"It's the easing of the licensing system for coaches that causes half the trouble. We can't understand why the Department of Transport doesn't do something. But it's slow, slow, dead dead slow with the department. We've got the best taxi service in the world—yet some of these American lawyers will probably go home and say it's a bad service."

The London Visitor and Convention Bureau, which has changed its name from the London Tourist Board as part of a more hard-nosed, commercial approach, was sceptical about Mr Sandler's claims.

"Taxi drivers are a bit like farmers," it observed. "It's very hard ever to get them to admit that they are doing good business. But you should have seen the number of people arriving at the Albert Hall to hear the Prime Minister addressing the ABA. They were all getting out of taxis."

What of the meeting itself? After all, the lawyers were not in London to shop and go to the theatre—at least not officially. Or were they? Some of the sessions were packed. But many meetings were half empty.

One genial judge from New Orleans listed the London theatres he was planning to visit during his week and then announced that he was not actually planning to go to any of the meetings. But then he had other problems. He and his wife had been en route for Harrods that morning when they spotted ladies in hats and gentlemen in "funny suits." The cabbie had told them there was a Royal garden party on—and his wife had given him strict instructions to make sure they did not miss it.

Reassured that they would not be admitted without invitations—which had not been issued to the association's delegates en masse—he recalled an association meeting in London in 1957 "just after the Queen was coronated". The lawyers, he said wistfully, had been invited to Buckingham Palace then.

Even though he was not going to attend the conference personally, the judge felt it was useful "to exchange ideas."

The association's English host, the Law Society, has organised hospitality for 1,000 U.S. attorneys in the homes of British solicitors and barristers this weekend. It has tried to be understanding about any cultural differences.

Lord Lane, the Lord Chief Justice, for example, finished the first part of his address by saying that he had reached the end of the "serious part" of his speech. He added that he knew he would have to say something serious "otherwise your visit wouldn't be tax deductible."

Perhaps the tax question was the only real fly in the ointment. The whole week long soiree was all tax deductible for the U.S. lawyers. Even as they drifted from breakfast meeting to lunch to plenary session to receptions, the word went round that the hospitalised President Reagan was planning to end conference tax breaks for those who choose to take their conventions abroad.

Will we ever see the like again?

WEEKEND FT

Saturday July 20 1985

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Pampered penitents

Gone are the days of masochistic munching on lettuce leaves. The "fat farm" image is out at Britain's cosy, luxurious and relaxed health hydros, writes Joy Melville

HEALTH FARMS are "a middle-class version of a beaoo," says one male visitor. Judging by the advertisement for Champneys at Stobo Castle—*a male hand passing a rose to a female hand, under the headline "That Special Touch"*—Britain's health farms have acquired a new, hedonistic image.

Gone, it seems, are the days of boiled water and lemons, when masochistic guests paid large sums to starve and the emphasis was entirely on losing weight. That was all back in the Sixties and Seventies, at the start of the health farm movement. Now they prefer to be called "health hydros," to get away from the image of American "fat farms."

There are eight major hydros in Britain, each accommodating 50-120 guests, and another 15 or so smaller ones. There are also some specialised ones, such as Enton Hall Clinic in Surrey, a medical centre which offers a cardiac risk programme. All told, there are about 800 or so bedrooms on offer each night in Britain—and about 80-90 per cent of these are taken all the year round.

The hydros, in fact, are booming; most have either just expanded, or intend to. Yet, their success cannot be put down just to the national obsession with health because among health *clubs*—as distinct from hydros—there have been some recent spectacular failures. Because such clubs have mushroomed, they are having to compete with each *other* as well as the increasing number of leisure facilities provided by local authorities. There are, however, still comparatively few hydros—and they have been astute enough to provide exactly what people want. They have switched from being a place of penance for over-indulgence and now offer relaxation, enjoyment, sport, healthy living, fitness treatments—and comfort.

It obviously works, because most hydros rely on at least half of their guests returning every year. Indeed, aficionados often return twice. It is a steady, rather than a seasonable, business—although there is sometimes a rush in January, to offset massive over-eating at Christmas.

The Rolls-Royce of the health farms is Champneys, at Stobo Castle and Tring, where penance has indeed given way to pampering. "Inside, all is warmth, comfort and pleasure," says the advertisement for Tring—borne out by heated under-blankets, colour TV in all the rooms, and wine at dinner. Prices begin at £56 a day, plus VAT, for a single room (handbasin only) and rise to £181 a day for the Rothschild suite. Why not, for that price, go to a four or five star country hotel?

Tanya Wheway, a director of Champneys at Tring—a Victorian house set in 170 acres—says a country hotel is fine "if your major interest is eating rich food and drinking a *fair amount* of alcohol. But what we can offer is fun in a household atmosphere, the feeling you have improved yourself in some way, *and the chance to learn new things.*" She lists some of Tring's benefits: more than 50 beauty and therapy treatments, lectures, musical evenings, sport, arts *and crafts, a total relaxation* class, a stress workshop, a stop-smoking course. "We even teach self-defence. Our aim is to keep guests fit, well, healthy and alive."

Both Champneys were bought last November for £3m by Guinness, the brewing group. Four of the eight major hydros now are owned by a financial group. (The smaller ones all are privately owned apart from the Champneys at Stobo Castle.) Hydros are proving an attractive investment: if you put money in you will get it out, and several are making more than £200,000 profit a year.

The path isn't automatically strewn with roses, however. A few hydros have gone broke, probably because they were not run professionally. One couple, who took over a bankrupt hydro and turned it into a profitable small hotel, said: "It failed because the whole place was so run down and scruffy. The plunge pool for the sauna leaked and they didn't have a swimming pool." But for the professionally-run hydro, the future looks good. Take Leisure Development Ltd, which paid £1m a year ago for *Ragdale Hall* in Leicestershire (a hunting lodge in 15 acres, accommodating 70, and costing £50 a day minimum for a single room). Ragdale Hall—previously *owned* by Argus Press, of *which Slimming* magazine is part—had been losing money for some years. Robert Upsdell, *chief executive of the company, says* about £300,000 has been spent on improvements (£200,000 of this going on an indoor heated swimming pool). He adds, "*I think twice as many people than* at present will be going to hydros in the next five years."

G.R. Holdings is equally optimistic. It has been in the business since the early 1960s, when it opened Grayshott Hall (a Victorian mansion, with extensive grounds in Surrey, accommodation for 100, and costing a minimum £65 daily for a single room). Its chairman, Anthony Stalbow, says: "We are now moving towards what I would call 'active relaxation.' But it's a moving target the whole time: you will find different people seem to demand different things. More go now to flop out."

The same point is acknowledged by the Savoy group which in 1978 bought Forest Mere in Hampshire, a beautifully situated house by a lake in forest parkland, accommodating 90 and costing a minimum £300 a week for a single room. Victor Emery, the Savoy director responsible for Forest Mere, says it was acquired because the group "recognised the value to people who want to get away and rejuvenate their batteries." He adds, however, that "the emphasis at Forest Mere is to help the guests to discipline themselves. And some of the health farms are losing sight of that initial objective."

By contrast, Enton Hall, near Godalming *(costing £900 for its special* two week cardiac risk-factor programme, otherwise £294 minimum a week) runs one of the strict regimes. The Seventh Day Adventist Church, which bought it two years ago, has hospitals around the world; and although Enton Hall has saunas, an outdoor pool and a gym, it is low on leisure facilities. But it offers a thorough medical check-up—cardiac tests and lung function included—and is run by a medical staff, including three doctors.

Many who go to hydros assume the staff has medical qualifications: after all, the regime can be strenuous and there are those whispered rumours of executives dropping like flies after mass jogging. (All the hydros have dismissed these rumours as ridiculous; the larger ones point out that with their staff-guest ratio of one-to-one, guests who even looked overtired, are warned to take it easy.)

But those with any health problems should check the strength of the medical side before they go. The hydros vary on how many—if any—medical staff they employ. At Forest Mere, there is a resident doctor, nursing sisters on duty 24 hours, four physiotherapists, a resident osteopath, and four nurses. Indeed, four of the eight largest hydros have resident doctors and three have one or more nurses, with a doctor on call. About half have physiotherapists and all have dieticians and trained beauty therapists. Other practitioners (like acupuncturists) make regular visits.

All guests at hydros have an initial "consultation" on arrival, and blood pressure is usually checked then to ensure that saunas and steam cabinets will have no ill effects. But your consultation could be *with a dietician*, osteopath or therapist, rather than a doctor. As one woman said: "The person I saw had a white coat on, but I've no idea what she was."

Those hydros without strong medical facilities argue that they are not hospitals. "We don't go through the charade of pretending to give everyone a medical examination when they come," says Upsdell. "You can take a person's blood pressure; but at the end of the day it's really their responsibility to ensure they speak to their doctor before booking."

Ragdale Hall places the emphasis on pleasurable, positive fitness. It has 30 beauty therapists, two full-time nutritionists, and guests can play tennis, croquet, ride, swim, practice archery or go on a clay pigeon shoot. "The actual expression, 'health farm' doesn't describe Ragdale," says Upsdell. "It makes you think of carrot juice and rabbit food and running around the block. We ask new guests what they have come for—slimming, beauty treatment, fitness or relaxation—and we find these days that guests come here to get away from the world. They want to leave fitter, but they also want a perfect holiday."

The same point was made by a manager at Grayshott Hall: "I would say that 25 per cent come to lose weight, and the others for rest and relaxation. It's not reveille at dawn followed by jogging round the square. Each guest has an individual programme built around what they want. Most want a holiday which has the added bonus of losing a *few pounds.*"

The atmosphere at hydros now is well away from a regimented regime. The bullying days are over: guests can start the day *with breakfast in bed. But they* should choose their hydro carefully if they feel they might find it an effort to get up, let alone zip down to the sauna. "You can sleep *in, if you want to,*" says Grayshott Hall, for example. "You can go back to bed only *after* your treatments," says Forest Mere. Most guests do not opt to lie in bed, however, for one simple reason: they would miss the treatments/tennis/swimming / massage for which they had paid.

One reason for today's relaxed atmosphere at hydros is the chat between guests of all ages, professions and nationalities. Another is that the staff of all the hydros are friendly and informal. Many are quite young: some have worked on ocean liners while others are straight from training college. But perhaps the easy atmosphere is mainly because everyone wanders around in track suits or robes, which promptly breaks down inhibitions.

Given this, and the accent some hydros place on rejuvenation (which includes sexual enhancement), should wives or husbands start worrying if their partner decides to book-in at a hydro? "Well, it's a *bit of* a *come-on*. I must admit," said one man, recalling the bikinis and body consciousness. "Unfortunately, I was so battered by the massage, steam cabinets and all the rest, I couldn't do much about it." One woman, on the other hand, said she had been disappointed with the men. "I found them all too interested in themselves, their figure and their looks."

The beauty side is important in hydros, with women guests outnumbering men by two to one. The women are mostly aged between 25 to 45, and are there to treat themselves to a luxury health holiday. One teacher said: "All the women I spoke to were working women like me, and all felt that they had saved up for this. It was nice to be switched off." Housewives, under equal pressure, also save up and go.

Most health farms organise their guests' days around the treatments for which they are booked. Champneys puts a card through each guest's door every morning with the times of their individual treatments. There is also a bulletin giving times of all the voluntary activities that day. A typical morning *would include* a *country* walk, general exercise, a tennis group, and a relaxation class.

Activities like these are free at all hydros, along with meals and facilities like the swimming pool, guided walks, tennis and so on. Most hydros include at least two free treatments with the price of the room—like massage, sauna and jacuzzi. Others are more generous. But be warned: hydros vary a great deal and an apparently cheap room with few treatments can ultimately cost more than a pricier one with more included.

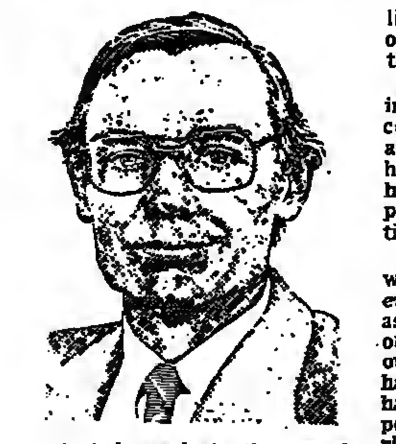
Some hydros have an extra "treatments package," costing anything from £5 to £60 for a week. It could include six heat treatments, six body massages, two facials, a manicure, a pedicure, two ultraviolet treatments and two slimming treatments. So check you actually want what the package contains before taking it.

On the other hand, individual extra treatments soon mount up (and watch out that all charges in the brochure include the required VAT). Champneys at Stobo Castle, for example, offers three cosmetic face-lifts for £50.00; a moor peat bath, £7.50; five treatments for heavy legs, £26.35; underwater massage, £6.50; and sun-bed, £4.25. All these can be found in high street salons, sometimes more cheaply. In the same way, most local authorities offer cheaper exercise or yoga classes—and if you seriously want to lose weight, you can *stay at home and sip orange* juice. But those who go to hydros mostly don't care: they want a physical and psychological rest, a chance to practise a healthier way of life, and an enjoyable holiday. In other words, happy self-indulgence.

The Long View

Some investments may damage your wealth

Regulation can be a two-edged sword. Too much can mean rigidity as well as safety. People want a choice and the freedom to take risks. But can they handle it, asks Barry Riley



BUYER BEWARE. It would be a great pity if tight regulation of the savings and investment markets led to the submerging of the principle of *caveat emptor*.

In Watling Street in the City of London, the new regulators of the Securities and Investments Board and the Marketing of Investments Board Organising Committee are currently absorbed in getting their acts together. They are beginning to promote themselves to the practitioners, but at some stage they will need to promote themselves to the public at large. When they do, it will be vital for the public to be aware that investor protection will not be an all-embracing cocoon.

Regulation can be a two-edged sword. Too much of it can mean rigidity as well as safety. People want variety of choice and the freedom to take a risk. But are they sufficiently educated in the notion of responsibility?

The modern trend is to provide means of protecting people against risk. There have long been compensation arrangements for clients of Stock Exchange firms, and now there is a deposit insurance scheme for small depositors with banks. Looking ahead, one necessary condition to be observed by a self-regulating organisation if it is to be recognised by the SIB will be that it will provide approved compensation arrangements.

But such schemes have limits. With deposit insurance at banks, for instance, there must be a residual risk left with the depositor or he will be free to chase the highest return from the shakiest bank without regard for prudence. In Britain, coverage is restricted to 75 per cent of a deposit up to £10,000 (with a recent proposal to raise this to £20,000). But it is unlikely that the man in the street is aware of such details.

In the U.S., banks prominently display membership of the FDIC, the Federal Deposit Insurance Corporation, in their advertising. But there are other schemes too, and customers of Ohio savings and loans found to their temporary embarrassment earlier this year that independent State schemes are not always able to cope.

In this country, too, compensation schemes threaten to be the cause of considerable heartache in the future. With more complex types of investment, clients can be covered against fraud and the grosser types of negligence—but they cannot be protected against the much more common problem of simple bad advice.

The investor who entrusts his wealth to an adviser and finds that it has been swallowed up in a series of bad decisions will have no means of redress, except in the unlikely event that he can prove that his investment instructions have been blatantly ignored, or that totally unsuitable investments have been chosen.

A lot of people have a poor perception of the relationship between risk and return. Certainly, newspaper postbags are liable to contain a large number of letters from those who got the balance wrong.

The adviser who puts an income-seeking widow into cocoa futures may be vulnerable. But if, as is more likely, he puts her into the shares of high yielding companies which pass their dividends her position will be much weaker.

Yet people and politicians will not readily accept *caveat emptor*, as offshore havens such as the Isle of Man have found out. It is not enough to point out the rules after the game has been lost; some way will have to be found to make people aware of the potential risks before they have been incurred.

It never ceases to amaze that some people will respond to a telephone call from a complete stranger by sending off cheques for thousands of pounds for speculation.

At least it is possible to understand that people are prompted by silver-tongued salesmen to take high risks in the pursuit of large and quick profits. It is less understandable that they should risk the whole of their capital for the sake of an extra percentage point or two over the interest rate they could obtain from a thoroughly safe building society.

Fortunately, returns in the orthodox savings media have recently been so high that the temptation to seek even fancier rates in the shadier fringes of the financial markets has diminished.

But if rates fall substantially further the temptations will recur; it was declining returns on conventional high income bonds that fuelled the growth of the likes of Signal Life and Cavendish Life three or four years ago.

Professional traders in the money markets are, of course, much more sensitive to risk. As soon as the credit warning lights begin to flash the money dries up completely—an alarming phenomenon last seen on any mayor scale at Continental Illinois.

For the amateur investor, however, extra risks can be obscured by the apparent glamour of novel or offshore investment vehicles, and the sheer feeling of cleverness at getting more than the next man. After all, what can be wrong with shopping around?

Selling patter can easily focus on how much greater the opportunities can be when the promoter is freed from the dead hand of the regulators. And while it might seem that unregulated offshore funds would never the survive the crashes of IOS and its emulators in the early 1970s, memories are short. Since then, moreover, the mushroom growth of the "legitimate" offshore financial industry has added new respectability and created excellent cover for the shadier promoters.

To some extent, international co-operation can reduce the dangers. Action is necessary, for instance, to curb the activities of stock pushers working out of Amsterdam.

But it will be up to our own regulators to raise the investing public's awareness of the remaining responsibility of the individual to look after himself. Partly this will be a question of making it easier for the member of the public to exercise his own judgment — in the way, for instance, that banks and building societies are being forced to come into line on the way they state their interest rates.

The regulators will also, however, need to find formulae for reminding savers and investors when they are stepping outside the zone of protection. They should not, if possible, resort to six pages of disclaimers in tiny type. But the message will have to be put over that some investments may damage your wealth.

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New Burton offer makes life hard for Debenhams

BURTON HAS a good chance of winning the battle for control of Debenhams. It added more than £100m to its terms this week valuing the department store at £550m, a price that would have seemed incredibly lavish last year and one which looks good enough to overcome the defences erected so far.

The store group's property revaluation a week ago, adding less than 3 per cent to book values, was a damp squib and an exit multiple of 12 on forecast 1985-86 profits of £60m at Debenhams is a fair rating.

But this ignores the intervention of House of Fraser which has picked up 11 per cent of Debenhams. A rival offer from that source is out of the question, on grounds of monopoly, so presumably the share buying is a spoiling action; it certainly kept the price beyond the reach of Burton's initial offer.

No doubt House of Fraser would not welcome the combined talents of Ralph Halpern and Sir Terence Conran at work at Debenhams but if the bid does go through at least an awkward minority could be used to lever some advantageous deal out of the new owners.

Putting House of Fraser aside for the moment, if the bid goes through Burton's price is likely to be a dull performer for a while—after all it took some judicious buying of the stock by Habitat Mothercare to underpin the price during the underwriting this week. Nevertheless the offer is one shareholders should accept. Despite some initial unease in the City that Ralph Halpern might be overextending his group, the numbers look right and the bidder should be able to avoid earnings dilution.

Assuming Burton is successful it is unlikely that Harris Queensway's involvement with Debenhams will last very long. Sir Phil Harris has worked his own brand of magic in carpet and furniture stores but the last year has proved that department stores are not his forte. But he is unlikely to retire empty handed. At the very least he should be able to buy out Debenhams' interest in the Ultimate chain at a good price, freeing him to pursue electrical retailing on his own as he wanted to do when he made an abortive bid for Comet.

The equity market generally has been in a relatively subdued mood all week. Having held onto their base rates over the weekend (Citibank apart) the clearers finally succumbed to the Old Lady's gesticulating on Monday and chopped a half point off the rates to 12 per cent.

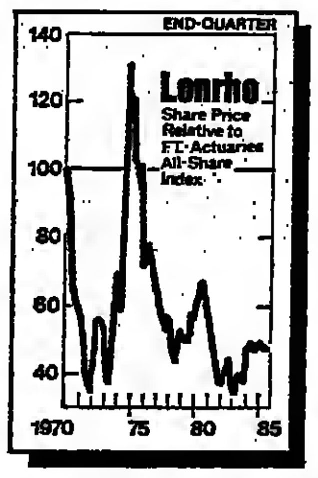
That was exactly what the market had been looking for, though some optimists are already arguing for another cut, and equities steadied after some weakness the previous Friday. The All-Share Index cruised around the 600 level throughout the week.

Yet 12 per cent is not cheap money by past standards and while sterling remains around $1.40 and DM 4 some of the brokers' more sanguine projections for corporate profitability must be looking suspect. The engineering sector, for example, saw a bout of mid-week weakness as attention focused on what a strong pound could mean for exports from the Midlands.

London

Yet despite pleas from the CBI to drop interest rates further in order to get sterling on a better competitive footing for industry, the Chancellor is unlikely to allow base rates to slip very fast. He is possibly more concerned with the money supply, the U.S. budget deficit and the possibility that a drop in the oil price could renew pressures on the pound, than the short term position of industrial exports.

The exchange rate is clearly of some importance to Distillers which reported its full year figures this week. Pre-tax the group jumped ahead by £45m to £236m but underneath the increase of almost a quarter, the trading trends remain as dull as ever. Some £22m of the advance is purely attributable to the strength of the dollar and once the figures are further adjusted for an initial £12m contribution from Somerset Importers, its new U.S. subsidiary, and the turn round into profit of United Glass, there is not much improvement to be seen from selling whisky around the world.



And prospects for this year are blighted by the weakness of the dollar. If it averages around $1.35 to the pound this year Distillers could see the £22m gain turned into a negative £10m for 1985-86. Offsetting that, however, there could be an extra £10m profit thanks to earlier rationalisation moves and a further £10m from price rises. Most prices went up 5 per cent last January apart from the U.S. where the increase will come through in October. So, in theory, Distillers might increase profits by £10m pre-tax although every cent the dollar drops means that the group makes about £1m less profit, so the forecast is hostage to exchange movements.

Yet, for the market, it does not matter much if the group beats last year's £236m by £10m or falls short by £10m. Whisky drinking is in decline throughout most of Distillers' markets and while there is some success with white spirit the shares will remain locked into long term relative decline unless there is a dramatic reversal in drinking habits or a new product comes to the rescue. The first possibility seems unlikely and to date the second course has not been pursued. Though, reading between the lines, there was a hint that a new product was on the way—perhaps the next "Baileys" has been discovered.

For the short term anyway the shares could be due for one of their periodic blips upward as investors search for defensive stocks and are attracted by a prospective yield of 8 per cent.

For income the 11 per cent yield on Lonrho's shares takes some beating. This week the group announced its half time figures showing a pre-tax profits rise of a third to £71m, though, true to form, Mr "Tiny" Rowland's controversial group gave little away as to where the increases were coming from other than a few terse remarks.

It was perhaps surprising to see the suggestion that the casinos division was disappointing but the partial closure of Crockfords for redecoration probably accounts for that and the division should spring back with a good second half.

For the year as a whole profits could come out around £170m against £135m dropping the prospective p/e to about 6. Of course, Lonrho is not everybody's idea of a good investment but there is a growing institutional interest, prompted by the yield, and with a capitalisation standing at not much more than two and a half times prospective pre-tax profits there should be little downside to the shares.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ordinary Index	935.4	+ 9.4	1,024.5	923.1	Awaiting interest rate developments
Aaronite	68	−27	130	65	Sustains first-half loss
British Telecom	185*	+14	206	143½	James Capel "buy" recommendation
Burmah Oil	282	+27	304	200	Revived takeover speculation
Barnett & Hallamshire	20†	−15	190	20	Proposed financial reconstruction
Burton	450	−20	509	408	Inc final offer for Debenhams
Chloride	39	+ 8	42	26	Foreign subsidiaries sold for £34.5m
Davy Corporation	105	+12	127	82	Impressive preliminary results
Dixons Group	734	+34	744	522	Excellent preliminary results
Evered	225	+15	269	131	Acquisition of near-12% TI stake
Gent (S. R.)	60	−30	154	60	Second-half profits warning
Jackson Exploration	20	−13	101	20	Weak secondary oil sector
Laing (John)	250	+28	263	197	Int rate and Government spending hopes
Minet Holdings	187	+15	307	162	Revived speculative demand
PWS International	230	−45	560	230	Redundancy programme announced
Plessey	146	+12	212	116	U.S. stake build-up rumours
Ratners (Jewellers)	87	+10	87	46	Excellent preliminary results
TI	304	+56	308	214	Evered-led consortium reveals stake
Tootal	73	− 9	84	55	Peace pact with Entrad...

* Partly-paid. † Price at suspension

Mini-boom no guide to oil sector

IN THE past 10 days, both of the USM's favourable oil stocks have got up and danced. Invent Energy, the largest company in the sector, has broken resoundingly into the black for the first time, making pre-tax profits last year of more than £8.5m; while Saxon Oil has tied up a cool £190m merger with Charterhouse Petroleum. Between them, they have added some £35m to the wealth of their shareholders and turned the USM oil index sharply upwards after two months of decline that had wiped 25 per cent off the value of the sector.

The USM will miss Saxon sadly. It came to the market in November 1981 with a value of about £10m. Following a major discovery in the Miller field in the North Sea, Saxon is now leaving the market valued at nearly eight times that.

Invent has grown even more startlingly — from about £28m when it joined the USM two years ago to more than £190m today, boosted by the discovery of substantial reserves in the Paris Basin.

These two success stories are scarcely representative of the sector. But, thanks to their surging share prices, they have dominated it, making it a highly misleading guide to what is actually happening to most of the little exploration companies. Looking at the USM index, you would have thought that anyone who bought Britoil at the time of its flotation in November 1982 would have done twice as well to invest in USM oils instead.

In fact, investors in Saxon or Invent would have done significantly better (the standards of Britoil are hardly exacting), whereas those in any of the market's other 16 stocks would probably have done a good deal worse, especially in recent months.

The USM's oil stocks are much more sensitive to movements in the oil price than are the majors. Without any refining capacity, and without the financial strength to borrow money to buy productive assets, small companies can be caught out badly by a fall in the oil price.

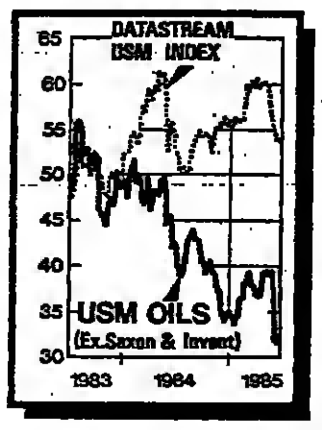
Even at the best of times the risks are enormous, and picking out the future Saxons and Invents is never easy. "Unless you know a lot about these stocks, I wouldn't go near them," is the sobering comment of Sue Graham at Scott Goff Layton.

USM

UNLISTED SECURITIES MARKET

Unfortunately, assessing which share to go for seems to involve making some assessment of the company's geological prospects — not something into which the individual investor can enter. And the sort of distinctions that anyone can make — like preferring a company that is drilling onshore where costs are lower and recovery faster — will usually be fully reflected by the share price, anyway.

There is an alternative approach to investing in USM oil stocks. Instead of looking for the company that is on the verge of a major oil discovery, look for the one that is about to be taken over. There has been a spate of takeovers in the oil sector in the past few months. These have been motivated both by tax (spending on exploration is wasted unless there is a stream of production income against which it can be offset) and by the fact that exploration costs are rising and drilling projects getting larger, making it increasingly difficult for small companies to compete with larger ones.



There are drawbacks to this game, too. First, it is no simple matter to spot the takeover candidate — for example, the Saxon merger caught the market by surprise — and even having identified the right candidate, there may be no great profits to be made.

An increasing number of the deals are being done for paper, and substituting shares in one small oil company for shares in another may leave the speculator not much better off. In the Saxon deal, even though the shares rose by 45p as a result of the merger to 350p, investors who bought on spec at the 500p peak would have little reason to feel pleased with themselves.

Lucy Kellaway

ICI heads for £560m before tax

ICI is expected to announce pre-tax profits of £560m for the six months to June when it reports its second quarter results on Thursday. This would be almost £30m ahead of last year's interim performance and of this year's first quarter result of £267m.

Second quarter expectations have been shaved recently by some £20m due to adverse currency factors (stronger sterling reduces export sales gains when translated) and the likelihood of disappointing results from the UK fertiliser business due to the poor weather.

In divisional terms, agriculture (just over a fifth of group trading profits in 1984) could well be held at last year's interim level. For while agrochemicals are showing good growth the fertiliser side's difficulties plus strong price competition in Australia is likely to offset this. The impact of the stronger pound will also tell against the substantial U.S. sales of this division.

Industrial products—general chemicals, fibres, petrochemicals, and explosives—should be ahead by some 6 per cent, enough to keep the contribution to just over a third of group profits. Speciality products in fibres, improved selling prices for petrochemical products plus some recovery worldwide in the mining and construction industries (the major users of explosives) should help pull the division ahead despite what could be a flat performance by chemicals, especially in the UK.

Consumer products—pharmaceuticals, paints, colours and the Beatrice companies—look likely to be the major source of profits growth and could well break through the £200m trading profit contribution level. Although exchange rates could hold the drug side a little its underlying growth is good; Beatrice Chemical Companies, purchased for $750m last year, will be making its first contribution in this half—it made $63m in 1984 so some £20m is expected this time round.

On the colours side ICI has recently announced plans for a major shake-up plus its intention of making a £26m write off below the line in the second quarter. This is being seen by the market as an expression of determination by the group to face up to what has been its major loss making area in recent years. As a result the above the line contribution from colours could already be perking up from the losses made in the last two quarters of 1984.

Oil profits will not match those shown in 1984, output from the Ninian field in the North Sea is down and the search for new finds is costing more money—the expectation is for £20m less than last year's interim £59m.

In financial terms the group remains highly liquid despite the working capital demands of 1984 and the Beatrice acquisition. Two Eurosterling issues (£100m plus £125m) plus a $400m Euronote facility have helped smooth over the spending bumps. An increase in the interim dividend should be the result.

Results due next week

Despite the heavy costs of the miners' strike, DOWTY is expected to have increased profits by some £10m to around £46m in the year to March. Indeed profits from the mining division could even show a slight increase to £8m, due to a last minute capital spending spree by the NCB just before the year end. Redundancy costs in the division could have become almost irrelevant by the second half of the year.

A strong advance in the dominant aerospace division to about £28m is forecast after a dull second half in 1983-84, reflecting a recovery in volume especially on the civil aircraft side. There should be a further boost provided by a recent series of cost cutting measures.

The industrial division should get a spin-off from higher volumes in the company's two major divisions, which will have boosted demand for seals. Meanwhile, electronics, which was held back by reorganisation costs in the U.S. during the first half should have finished the year on a stronger note producing profits of about £7.5m.

The balance sheet is likely to be looking better too, and Dowty should have moved into a position of interest received. This, together with associates' profits, could add a £1m cherry to the top of the cake.

The City has braced itself to see interim profits at LEX SERVICE come thumping down to about £7m, about a quarter of last year's figure. It is also expecting to hear some less than heartening news about current trading.

The real problem is in the electronic components distribution business in the U.S., where appalling over-capacity and price cutting in the semi-conductor industry may have transformed profits of about £11m made in the first half of last year into losses of £2m this time.

Component distribution overall may see last year's profit of £1.5m, with little offsetting good news coming from through from the company's other main division: automotive distribution.

In the first half Volvo's market share was static in a flat market. However, profits may have eased to £15m due mainly to increased spending on advertising, and higher dealer incentives.

The interest charge is likely to have risen sharply to about £6m partly as a result of the huge increase in stocks at the start of the year.

nearly £17m shaved to about

Lucy Kellaway
Terry Povey

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
AAH Holdings	Tuesday	2.4255	3.751	2.668
A & M Hire	Wednesday	—	0.1	—
Astec Industrial Group	Thursday	0.125	—	—
Bennett and Fountain Group	Tuesday	—	—	—
Sespak	Wednesday	1.5	2.25	1.75
DBE Technology Group	Friday	—	—	—
Dowty	Wednesday	1.7	2.8	2.2
Elbief	Friday	0.44	1.16	0.484
Fleming Enterprise Investment Trust	Friday	2.0	5.3	2.5
Flextech	Friday	—	—	—
Forminster	Friday	2.03	3.53	2.03
Hallite	Thursday	3.0	4.75	3.0
Hampton Trust	Tuesday	—	—	—
Highgate and Job Group	Friday	—	—	—
Ingram, Harold	Thursday	—	—	1.0
Kenyon Securities	Wednesday	3.125	6.25	3.125
Murray Smaller Markets Trust	Monday	0.6	1.7	0.6
Neepsend	Friday	—	0.1	—
N.M.C. Investments	Wednesday	—	1.0	—
Northamber	Monday	—	—	—
Osprey Communications	Wednesday	—	—	0.5
Pready, Alfred and Sons	Tuesday	0.75	2.75	1.0
Tinsley, Eliza Group	Thursday	—	—	0.49
Warehouse Group	Thursday	—	3.75	—
Watshams	Friday	4.125	9.8	0.9
Wellman	Thursday	—	—	—
Wintrust	Friday	1.33	2.67	—
INTERIM DIVIDENDS				
Adams and Gibbon	Thursday	1.75	3.75	
Beotham Engineers	Wednesday	—	6.0	
Surmatex	Friday	2.0	3.0	
Crescent Japan Investment Trust	Tuesday	—	0.8	
Derby Trust	Thursday	3.1621	3.853	
Edinburgh American Assets Trust	Thursday	—	0.45	
Fleming Fledgling Investment Trust	Wednesday	—	—	
Gaunt, Rowland	Tuesday	—	—	
GRA Group	Thursday	—	—	
Hill and Smith Holdings	Thursday	0.90909	2.43182	
Imperial Chemical Industries	Thursday	12.0	18.0	
Ladies Pride	Thursday	0.5	1.0	
Lede Investment Trust	Tuesday	2.1	3.5	
Lex Services	Friday	4.1	6.5	
Meggitt Holdings	Thursday	—	—	
Mount Charlotte Investments	Wednesday	0.46	0.74	
New Tokyo Investment Trust	Tuesday	—	1.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.50	6.61	5.19	3.77	half yearly	1	—	0-7
High interest cheque	8.50	8.77	6.89	5.01	quarterly	1	2,500 min	0
3-month term	8.06	8.31	6.53	4.75	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.91	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.29	9.28	9.28	9.28	not applicable	3	20-200/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.33	9.54	7.50	5.45	half yearly	1	2,500 min.	7
Schroder Wagg	9.04	9.42	7.40	5.39	monthly	1	2,500 min.	0
Provincial Trust	9.34	9.75	7.66	5.57	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.70	7.48	5.88	4.29	half yearly	4	—	0
11% Exchequer 1990	10.83	7.59	5.97	4.34	half yearly	4	—	0
10.25% Exchequer 1995	10.77	7.63	6.06	4.49	half yearly	4	—	0
3% Treasury 1987	8.47	7.50	7.02	6.53	half yearly	4	—	0
3% Treasury 1989	9.12	8.01	7.46	6.90	half yearly	4	—	0
Index-linked 1988¶	9.92	9.22	8.87	8.52	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Applied Botanics	1⅞§§	1¼	4½	0.86	REA Hldgs
Bell (Arthur)	225	235	192	297.56	Guinness
Capital & Cnties	225*	323	195	121.39	Transatlantic Ins
Carr (John)	95½§	93	88	65.33	Rugby Prtld Cmnt
Cartwright R.	173§§	151	163	11.61	Newman Tonks
Clay (Richard)	139	143	99	12.48	McCorquodale
Cole Group	200	222	184	6.00	Moss (Robert)
Debenhams	330§ §§	313	327	462.64	Burton Group
IDC Group	283§§	267	186	19.15	Hall (Matthew)
Mebon	125*	120	74‡‡	6.76	BP
Nottingham Man	264	262	233††	205.58	Vantona Viyella
Petrolex	84½	73	81	13.20	Aran Energy
Regentcrest	27½*	27½	26	4.24	Messrs R. & D. Richardson
Resource Tech	52½*	52	40	6.94	Inspectrate Int SA
Selincourt¶	25	22½	28½	12.94	Stormgard
Solicitors Law	35*	36	41	4.03	Pergamon
Synterials	8	7½	8	14.94	BBA Group
Times Veneer	20*§	32	49	1.41	CDI Hldgs
Towngrade Secs	31½*§	38	37	1.67	Milbank Dev
United Wire	208§§	204	193	16.90	Scapa
Vectis Shoe Grp	60*	57	55	8.34	Bardon Hill
York Trailer	45*	43	32	4.96	Utd Parcels

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on July 19 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	to Year	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bevan, D. F.	Mar	507	(358)	—	(—)	1.25	(1.0)
Berisfords	Mar	729	(1,030)	—	(—)	5.28	(6.6)
BET	Mar	103,500	(85,690)	30.7	(28.9)	14.0	(12.0)
Brengreen (Hlgs)	Mar	3,020	(2,550)	3.2	(3.8)	1.4	(1.4)
Brit Bloodstock	Mar	1,570	(1,270)	23.9	(19.2)	8.0	(—)
Brit Build & Eng	Mar	128	(300)	6.7	(18.0)	2.5	(3.0)
Brunning Group	Mar	377	(452)	9.1	(10.0)	4.9	(4.73)
BTS Group	Mar	564	(293)	—	(—)	—	(—)
Charter Cons	Mar	16,520	(37,010)	—	(—)	11.0	(11.0)
Christie-Tyler	Apr	1,610	(1,370)	12.9	(14.2)	3.0	(1.5)
Crown House	Mar	6,130	(5,160)	13.9	(13.2)	7.0	(6.4)
Davy Corp	Mar	13,050	(7,530)	10.5	(6.3)	3.89	(3.69)
Distillers	Mar	236,200	(191,600)	36.7	(35.4)	15.0	(13.65)
Dixons Group	Mar	39,600	(20,500)	36.7	(29.8)	6.0	(5.0)
Ellis & Everard	Apr	3,520	(2,560)	12.8	(11.3)	6.5	(5.0)
Elswick Hopper	Jan	996L	(217)L	—	(—)	—	(—)
Fleming, R. Hlgs	Mar	18,530	(16,500)	—	(—)	45.0	(40.0)
Graig Shipping	Mar	1,220	(1,290)	40.3	(99.5)	12.5	(10.0)
Greycoat City Off	Mar	3,960	(2,470)	8.5	(6.5)	1.75	(1.4)
GUS	Mar	253,500	(226,550)	61.5	(54.1)	16.0	(18.0)
Hampson Ind	Mar	1,310	(1,120)	2.9	(2.9)	1.05	(0.82)
Harris, Philip	Mar	635	(612)	—	(—)	7.75	(7.25)
Haslemere Ests	Mar	6,470	(5,830)	15.6	(16.0)	9.6	(8.7)
HAT Group	Feb	11,480	(10,250)	10.4	(9.3)	3.7	(3.3)
Howden Group	Apr	11,370	(10,070)	12.2	(9.7)	3.36	(2.)
Isis Group	Mar	1,360	(2,136)	—	(—)	—	(—)
Johnson Matthey	Mar	20,100	(36,600)	8.6	(15.8)	—	(10.0)
Kitchen Taylor, R	Mar†	2,250	(1,960)	37.3	(24.6)	16.5	(11.0)
Lovell, G. F.	Mar	18	(38)L	—	(—)	3.0	(3.0)
May & Hassell	May	81	(3,040)	0.01	(27.9)	3.75	(3.75)
Multitone Elec	Mar	515	(1,360)	1.8	(5.7)	2.78	(2.65)
Normans Group	Mar	2,430	(1,950)	5.4	(4.8)	1.8	(1.55)
Oldacre Hldgs	Mar	2,500	(2,450)	11.0	(11.3)	4.0	(—)
Park Food Group	Mar	1,900	(1,570)	10.1	(8.0)	3.6	(3.0)
Priest Marians	Feb	22	(18)	9.3	(8.8)	—	(—)
Ransom, William	Mar	477	(378)	21.9	(20.8)	8.65	(7.5)
Ratners	Apr	2,140	(1,070)	4.4	(2.6)	2.5	(2.3)
Reed Exec	Mar	2,220	(1,310)‡	12.1	(12.4)	3.0	(1.6)
Robertson Res	Mar	2,700	(1,810)	13.1	(10.2)	4.2	(—)
Sekers Intl	Mar	1,330	(545)	8.9	(5.0)	2.0	(1.25)
Stoddard Hldgs	Mar	559L	(76)	—	(3.6)	—	(—)
Stroud Riley Drm	Mar	630	(916)	5.2	(10.4)	2.25	(2.25)
Sumrie Clothes	Mar	369L	(242)L	—	(—)	—	(—)
Syltone	Mar	1,360	(1,000)	—	(—)	10.0	(9.0)
Symonds Eng	Mar	73	(284)	0.8	(2.0)	0.91	(0.89)
Triplex	Mar	620	(776)	—	(—)	0.75	(0.5)
Victoria Carpets	Mar	1,180	(687)	12.4	(9.4)	2.0	(0.75)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aaronite Group	Apr	298L	(347)	1.4	(1.4)
Alexanders Hlgs	Mar	49L	(348)L	—	(—)
Anto Secs Hldgs	May	3,170	(2,180)	0.55	(0.48)
Britoil	June	364,700	(280,000)	4.0	(3.3)
County Prop	Mar	1,1690	(2,220)†	1.25	(1.0)
Denhams Elec	Mar	492	(475)	1.25	(1.25)
Dewhurst & Ptnr	Mar	166	(67)	0.35	(0.25)
Dew, George	Apr	473	(10)	2.3	(2.3)
Domino Print	Apr	1,210	(710)	—	(—)
Evode	Mar	1,100	(911)	0.94	(0.82)
Gestetner	May	6,230	(2,900)	0.5	(0.5)
Habit Precision	Mar	305	(105)	0.6	(0.5)
Lonrho	Mar	70,700	(53,000)	4.0	(3.5)
Lovell, Y. J.	Mar	2,520	(1,670)	1.55	(1.4)
Lowe, Robert H	May	130	(39)L	—	(—)
Nolton	Jan	1	(73)	0.75	(—)
Spafax TV	Mar	227	(190)	—	(—)
Tace	Mar	1,330	(1,020)	—	(—)
TSL Thermal Syn	Apr	1,280	(376)	—	(—)
Weber Hldgs	Mar	177	(165)	—	(—)
Webber Electro	Mar	270	(221)	1.5	(1.0)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share except where otherwise indicated. † For 18 months. ‡ For 15 months. L Loss.

RIGHTS ISSUES

Nolton—To raise £3m through a one-for-two rights issue at 25p.
Tace—To raise £2.9m through a one-for-nine rights issue at 425p.
Thermal Scientific—To raise £6.46m through a two-for-five rights issue at 250p.

SCRIP ISSUES

Ellis & Everard—One-for-ten.
Robertson Research—One-for-one.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Conrad Holdings—Placing of 4m shares at 70p.
Lewmar—USM offer for sale of 6m shares at 110p.
CAP—Offer for sale of 7.5m shares at 120p.

• MARKETS •

All eyes on U.S. inflation

Mining

GOLD AND gold mines have been providing the talking points this week on the mining scene. My common mole friend, for example, popped up from one of his trips Down Under to announce excitedly: "There ain't gonna be no tax put on the Aussie gold mines, whatever that White Paper said."

"Who told you that?"

"They all did," replied the persistent mole, adding: "Well, most of them did and the others thought that any tax would be a fairly painless affair. See, its a *very hot political potato and* nobody wants to go rocking the boat," he concluded, carelessly mixing metaphors.

There may be something in what Moley says; but some straws cast in the wind this week by Paul Volcker, chairman of the Federal Reserve Board, the U.S. central bank, could he of more importance to holders of Australian (and, indeed, other) gold shares.

He warned that if the now weakening U.S. dollar should come down with a thump, it could trigger off inflation there.

Now if there is one thing that can be relied upoo to lift the gold price, it is inflation. It was no coincidence that when the gold price went soaring to $850 per oz in 1980, there was high inflation in the U.S.

GOLD MINE NET PROFITS

	June quarter R000s	March quarter R000s	December quarter R000s	September quarter R000s
Blyvooruitzicht	13,884	11,927	16,659	15,527
Bracken	4,215	3,313	3,057	2,905
Buffelsfontein	§45,950	§23,685	69,961	51,851
Deelkraal	12,802	15,552	13,039	10,961
Doornfontein	18,299	15,497	17,125	16,097
Driefontein	122,207	111,154	*109,726	93,979
Durban	‡1,349	‡1,617	†1,219	‡3,286
Ergo	15,510	27,718	19,800	13,931
ERPM	‡3,869	‡1,388	‡4,190	‡8,250
East Transvaal	6,656	3,909	*5,906	4,706
Elandsrand	37,863	34,215	36,913	29,188
FS Geduld	23,918	27,595	28,144	28,744
Grootvlei	5,186	7,280	7,841	6,437
Harmony	54,455	36,497	33,781	25,279
Hartebeest	36,519	31,280	*27,988	26,579
Kinross	18,009	16,494	17,431	15,324
Kloof	57,813	57,579	*56,786	46,586
Leslie	4,156	4,217	5,131	5,289
Libanon	13,737	12,616	*12,030	9,535
Loraine	12,749	12,734	11,763	7,571
Marievale	807	1,006	1,047	910
President Brand	46,209	58,698	44,808	65,468
President Steyn	31,117	34,379	29,950	30,995
Randfontein	77,700	57,942	*74,475	45,933
St Helena	17,422	15,700	21,861	18,148
South African Land	944	1,329	2,477	1,190
Stilfontein	17,053	9,072	24,541	6,320
Unisel	12,140	10,665	11,130	12,808
Vaal Reefs	111,939	114,265	*130,692	93,465
Venterspost	3,427	5,799	4,774	3,325
Village Main	633	327	269	247
Vlakfontein	643	785	940	788
West Rand Consolidtd	2,592	2,345	2,475	2,079
Western Areas	4,986	5,656	*18,475	16,210
Western Deep	93,030	67,372	*110,376	82,930
Western Holdings	48,506	47,444	46,892	61,467
Winkelhaak	17,249	13,978	16,687	16,615

* Re-stated. † State aid overclaimed. ‡ After receipt of State aid. § Accounting charge.

Of course, nobody is suggesting that we are about to see a return to these conditions and, indeed, the hullion market remains calm, albeit with some firming in prices. Still, the situation is one worth watching.

A fall in the dollar when not accompanied by a corresponding rise in the dollar price of the metal—as has heen the case recently—is a disadvantage to the non-U.S. mines. It means

So, the Australian and South African mines will need a higher U.S. gold price in order to maintain their revenue unless their domestic currencies weaken in line with the dollar. So far they bave becn enjoying high domestic gold prices, and the South African reports for the June quarter have shown record prices of more than R20,000 per kilogramme.

For the most part the mines have continued to hold down the rise in working costs, although they will bave to face a higher wage bill when the black minera' current wage claim is settled. Profits at pre-tax tevet for the quarter have thus made a generally good showing.

At net level, however, the picture has heen mixed, as the tahle shows. The main reason for this has been the variation in tax-offsetting capital expenditure; where spending falls off, tax charges increase and vice versa.

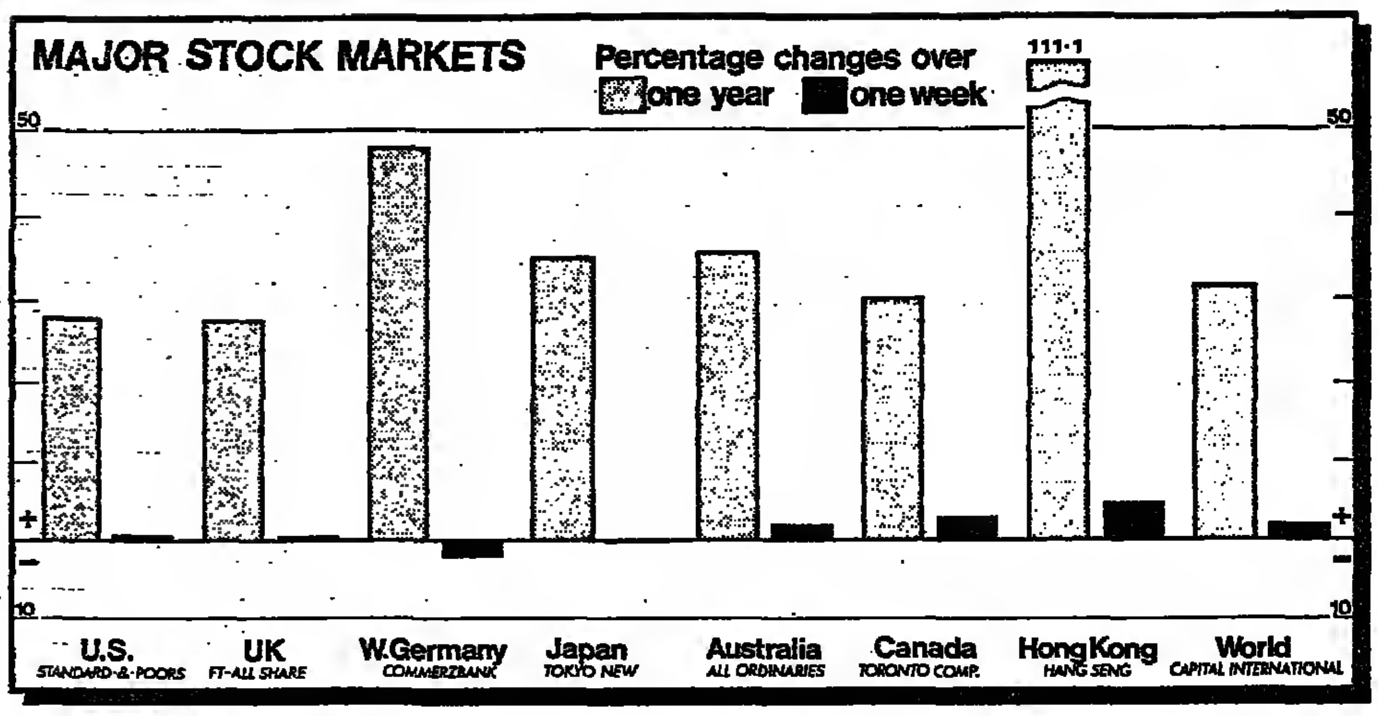
In the case of the giant Vaal Reefs, profits have fallen as a result of production lost during the black labour unrest in May. This particularly affected operations at the mine's South Lease division, from which royalties are paid to Southvaal Holdings. But Vaal Reefs still expects to maintain this year's total gold output at about the 1984 record level of an awesome 82½ tonnes.

Meanwhile, the company has declared a much-better-than-expected interim of 800 cents (303p).

The mines in the Johannesburg Consolidated group have followed the line taken by the Gold Fields' producers in charging against working costs a non-recurring special holiday payment for the black workers.

Randfontein's latest quarterly profit bas recovered well from that of the March quarter, heing helped by a lower tax charge. In that quarter the mine received a lower-than-average gold price of R17,893 per kilogramme, which reflected currency forward transactions. The adverse effects of these have lingered into the latest quarter when the price obtained was R18,451.

Kenneth Marston



Dow edges nearer the magic 1400

Wall Street

U.S. SHARE prices moved into uncharted territory this week and all of a sudden the magical 1,400 mark on the Dow Jones' Industrial Average no longer seemed to be such an insurmountable obstacle.

Given that the Dow had started the year at just over 1,200, and as recently as May 1 was standing at 1,242.05, there were many on Wall Street in the spring who scorned predictions that it would soon be tradiog in the 1,300 to 1,350 range. True, there can be many a slip 'twixt cup and lip hut the bulls currently outnumber the bears hy a wide margin on Wall Street, despite the recent sharp run-up in share prices.

Analysts were impressed hy the stock market's ability to move ahead against a very ambiguous news background in the early part of the week. After hitting new peaks last week, U.S. share prices slipped back on Monday as the markets digested the news of President Reagan's illness. But not for long.

By Tuesday, prices were moving ahead strongly, partly as a result of the President's apparently speedy recovery from his operation for cancer. The Dow registered double-digit gains for the next couple of days in heavy trading, and by Wednesday evening was standing at a new peak of 1357.97. Volume on the New York Stock Exchange in the first four days of this week has been averaging more than 130m shares a day, and Wednesday's trading, when the market hit its peak, was the 11th heaviest on record.

The strength of the stock market in recent weeks has been underpinned hy the prospect that the U.S. Federal Reserve would move qnickly to re-ignite the nation's economic motor, hopes of a significant cut in the budget deficit, and lower oil prices: Progress on all three counts was far from obvious this week.

On Capitol Hill, tempers on hoth sides have been badly frayed by the inability to get an agreement on the new hudget; and when Paul Volcker, chairman of the Fed, gave his half-yearly rundown on the economy, the credit markets were not impressed.

Bond prices, which had risen by a point and a half in the first three days, slumped hy more than two points on Thursday. The scale of the sethack was puzzling, since the move came on a day when the Commerce Department had revised its estimates of the second quarter growth in the gross national product from 3.1 per cent to 1.7 per cent. The market had been expecting it to be revised downwards to around 2.5 per cent, so the much bigger revision was the sort of news that only a few weeks ago would have made the credit markets helieve another cut in the discount rate was just around the corner.

However, Mr Volcker's testimony to Congress — which, as always, can be read in many ways — was interpreted gloomily hy the credit markets, huoyed up by hopes of an early cut in the discount rate. With the country's money supply looking to be running dangerously out of control, Mr Volcker was talking tough this week; and the stubbornly high Fed funds rate, which remains over 8 per cent, has dashed hopes of an imminent easing in Fed policy.

Part of the reason why the Fed might hang back from cutting its discount rate is the rather precipilous slide in the value of the dollar over the past couple of weeks. By Wednesday it was trading as low as DM 2.84, nearly a fifth helow its spring peak, and there is increasing speculation that perhaps the dollar has lost some of its stamina in the world's foreign exchange markets.

MONDAY	1,335.46	−3.14
TUESDAY	1,347.89	+12.43
WEDNESDAY	1,357.97	+10.08
THURSDAY	1,350.92	+7.05

William Hall

Time to learn some new Japanese words

Tokyo

JAPAN could never he called a land of macrismo. The locals would never dream of running after hulls through a city street. Instead, puhlic displays run to getting drunk under blossoming cherry trees.

Still, there is something like machismo here. For the lack of a better word, it might he called Japanismo. Whenever a foreigner meets a Japanese, samples of this quickly crop up. Say, for example, you use a Japanese greeting. Invariably, the Japanismo answer comes hack: "Your Japanese is so good!" This means: "You have spoken three words in the world's most difficult language. Congratulations."

In all, there seems to be a perverse pride in the difficulties of life in Japan. The weather is insufferable, the traffic jams horrific, the houses too small and the subways too crowded. But despite Japan's position as the second wealthiest industrialised nation after the U.S., Japanismo has prevented most of the local people from actually agitating for something hetter.

If any trend can be plucked out of the volatile Tokyo stock market over the past month, however, it is that Japanismo may now be on the run. The market has begum to believe that government and private purses are going to be plundered over the next several years for a variety of puhlic works projects that could make life in Japan—Tokyo, in particular—somewhat easier.

On Thursday, for example, Japan's major business councils linked up to promote a $4bn highway-tunnel project to cross Tokyo Bay, from the city to the nearby, underdeevloped Chiba prefecture. The original proposal for this project is almost ready to celehrate its 20th birthday. Nonetheless, investors have hegun to take the view that Japan must do some pump-priming in order to stimulate the domestic economy, and this project is an ideal candidate.

For foreign investors, whose only words in Japanese are Sony and Hitachi, it might be time to learn a few new ones. Take Yokagawa Bridge, for exampte. From Y550 early this month it hit Y829 in the middle of this month, closing yesterday at Y780. Kumagai Gumi, a construction company, has jumped from Y660 earlier this month to close yesterday at Y831. Cement makers and road construction groups are doing equally well.

According to Vickers de Costa in Tokyo, the construction companies' index has leaps 18.5 per cent from 642.5 to 761 in the month so far, well outperforming the *Tokyo Stock Exchange* index. Past favourites, such as pharmaceuticals and financial institutions appear to have taken a breather in the month, with many now helieving the wonder has gooe out of wonder drug stocks.

Further fuel for the construction stock boomlet is also in the wings, such as the mooted bridge to Shikoku Island, linking the scenic Akiji island to hoth Shikoku and the main body of Japan. So far, one link has heen completed, but the major part of the project remains unfinished. There is also the extension of Japan's super-fast train, the Shinkansen, to Hokkaido in the north.

Taking the unwinding of Japanismo a hit further, leisure and tourist activities should feel some uplift. One stock to reflect this spirit has heen the Tokyu Corporation, a transport group which has pushed into urban development, housing, sports and tourism.

Not surprisingly, the stock has been climhing recently, from a low of around 300 in March to a high of 504 earlier this month. It closed yesterday at Y482.

As with all trends in the Tokyo stock market, the decline of Japanismo should be watched, hut not swallowed whole. Next month, the fashion in Tokyo could be austerity, with plans for hridges and golf courses put aside once again. The Japanese may not be ready to give up their tatami mats for hox springs and mattresses, but the mood to spend more seems, for the moment, to he gaining ground.

Carla Rapoport

Tougher unit trust rules

Gilts

Performance of gilt growth unit trusts. Value of £1,000 invested three years ago, with income reinvested.	£	Initial fee %	Spread %
Legal and General	1,585	5	5.87
Manulife	1,502	5	3.55
Prolific	1,463	3.5	4.03
Canlife	1,453	5	5.46
Equity and Law	1,428	5	5.28
Rowan	1,410	1	0.68
Mercury	1,409	0	0.9
Nelstar	1,404	3.25	2.56
Holborn	1,403	3	4.77
Hill Samuel	1,391	4	5.87
Target	1,385	4	4.69
Save and Prosper	1,349	1	1.09
Average	1,432	—	—

Source: Money Management and Unit Trust Management.

Cost of buying £1,000 of gilts	Post Office	Stockbroker	Unit trust 5% spread	Unit trust 0.9% spread
	£	£	£	£
Buying	4.00	9.20	52.63	9.08
Selling	4.00	9.20	—	—
Total	8.00	18.40	52.63	9.08

WHAT FUTURE is there for gilt-edged unit trusts? The Chancellor has recently dealt two blows to their tax efficiency as ways of investing in gilts. But fund managers are divided over whether they can still offer any value to the investor.

The first blow came with the introduction of new rules against bond-washing. Many gilt unit trusts aiming for growth have relied heavily on converting income into capital gains by selling their gilts shortly before the payment of a dividend, when the anticipated income is reflected in the price.

The second was the abolition earlier this month of capital gains tax on all gilts. Why should an investor invest in gilts through a unit trust—and be liable to CGT when he sells his stake—when he could buy the gilts directly and avoid all CGT?

In the past, gilts were exempt from CGT, if held for over a year. But unit trusts often traded gilts over shorter periods. Because the trust itself was exempt from CGT on its own investments, it could sell gilts within a year without incurring a tax liability. Now, the private investor can also do this.

There is no immediate problem. The new rules are being phased in over the next 11½ months. For the time being unit trusts can continue to operate as before.

In the longer term, however, some fund managers believe the bondwashing rules spell the end for those gilt trusts which aim to achieve capital gains.

"The change on bondwashing gets rid of capital trusts totally," says John Hodson, investment director of Target. "Ours will be merged with another fund."

Hodson is also sceptical about the value of gilt trusts which yield a high income if these are liable to CGT that the investor could avoid by buying gilts directly. "In fairness to the unitholder you would have to say to him this isn't the most efficient way of holding gilts."

Prolific is also hesitant about the future of its Gilt Capital fund. The fund is not being actively marketed in its present form, and Prolific plans changes to its investment policy.

Robin Chapman of Manulife feels that too much fuss has been made about the tax changes. "Managing gilts for growth did not mean solely washing dividends but trading and getting the markets right."

The gap between the 13 per cent return his fund achieved in the last 12 months and the 7 per cent average for all growth gilt funds is more than you can produce just by avoiding dividends, he says.

The disadvantage of unit trusts compared to direct investment in gilts following the abolition of CGT on all gilts also needs to be put in perspective. David Glasgow of Abbey Unit Trusts points out that after inflation adjustments there will be few investors left with taxable capital gains on their gilt unit trusts. Fewer still will have used up their annual CGT allowance of £5,900 and will actually have to pay the tax on these gains.

Only large investors are likely to be affected. But they can have a direct gilts portfolio managed by a stockbroker. For smaller investors, a unit trust will still provide a reasonably efficient means of obtaining a managed gilts portfolio.

Many unit trust groups have lower charges for their gilt unit trusts than for equity funds. Some, such as Abbey Capital Reserve or Mercury Gilt, have no initial charge at all and a spread between buying and selling prices of less than 1 per cent.

Others, however, charge a full 5 per cent, with total spreads of up to 7.25 per cent. This can be a very expensive way of buying gilts, regardless of the tax position.

In addition, the trusts charge an annual management fee. Abbey charges 1.5 per cent, Mercury 1.0 per cent and most of the rest 0.5 to 0.75 per cent per year.

If you know which gilts you want to buy, it will, as before, be much cheaper for you to buy them yourself through the Post Office. The disadvantages are that you will get no advice, the purchase may take a week to go through and you cannot be sure what price you will have to pay. Not all gilts are available on the National Savings Stock Register.

A stockbroker will charge rather more than the Post Office but should give you some advice on which to buy. Remember that both will also charge commission when you sell your gilts, but they are still cheaper than a unit trust charging 5 per cent at the outset. (See table 2.)

George Graham

How to win at the pools

Capital gains

SELLING SHARES is no simple business, thanks to the mass of Capital Gains Tax (CGT) rules involved.

If you have used up, or are likely to use up, your annual CGT tax £5,900 exemption, you will have to calculate your gain or loss and make an adjustment for inflation. This requires you to compare the amount you receive when selling your shares with their acquisition cost.

Your acquisition costs can often be checked by simple reference to your contract note when you bought the shares. There is, however, a complication if you have gradually acquired shares in the same company. But an amendment introduced last week to the Finance Bill, now passing through its final Parliamentary stages, has lightened your probable tax burden in this case.

Suppose you hold 3,800 shares in Widgets PLC. You acquired 400 of these in 1963, another 1,900 between April 6 1965 and April 5 1982, a further 1,000 in June 1983 and 500 this month. The legislation requires you to look at your holding in several distinct lumps. First, the pre-April 1965 acquisitions are looked at separately unless you previously elected to pool those shares with subsequent acquisitions or you now take the new opportunity under this year's Finance Act to bring them into the pool. In either case, the shares will merge, at their market value at April 6 1965, with the next pool, comprising shares acquired between April 6 1965 and April 1982.

The third pool is composed of the more recent acquisitions, from April 6 1982 onwards. For most taxpayers this will be the most active pool. Under the provisions in the amendment, new acquisitions will be added to it and sales of shares will be deemed to come in the first instance from this pool. When the pool is used up, shares which come from the 1965 to 1982 pool and finally from pre-April 1965 acquisitions, if no election has been made to place them in the 1982 pool. The same rules apply to unquoted shares, except that those acquired before April 6, 1965 are always separately treated.

The Finance Bill amendments make one exception to the pooling of shares: where shares are acquired and then disposed of within 10 days. These shares do not enter into any pool and no allowance for inflation is available. This does not, however, preclude "bed and breakfasting" where shares are disposed of and reacquired to crystallise a gain or loss.

The pooling provisions require a new method of calculating the inflation allowance. You have to keep records of two pools, one adjusted for inflation ("indexed" by reference to the Retail Price Index) —and one unindexed. The unindexed pool consists of the aggregate cost of the shares. For shares acquired from April 1985, you can simply add the acquisition cost to the indexed pool. Shares acquired between April 5, 1982, and April 1985—if still held—are also brought into the indexed pool. But you will also have to adjust for inflation from the date of acquisition until April 5, 1985.

Each time share are added to or sold from the pool, the indexation allowance accrued on the expenditure in the pool since the last change must be calculated and added to the indexed pool.

Thus, if X purchases 2,000 shares at a cost of £4,000 when the Retail Price Index (RPI) is 375, and a further 3,000 at a cost of £5,000 when the RPI is 390, the value of the indexed pool is:

Cost of shares	4,000
Indexed rise at time of next acquisition $4{,}000 \times \frac{390-375}{375}$	160
	4,160
Cost of new acquisition	5,000
	9,160
X then disposes of 4,000 of those shares, at a price of £8,800, when the RPI is 400	
Indexed rise in pool to date of disposal: $9{,}160 \times \frac{400-390}{390}$	235
	9,395

If X disposed of his entire shareholding, the indexation allowance would be the difference between the indexed and unindexed pools. As he has disposed of only a part, both expenditure pools must be apportioned between the shares sold and the shares retained. As the disposal is of 4,000 out of 5,000 shares, the cost of the shares sold is 4/5 of £9,000.

Thus, £7,200 of the indexed pool is similarly apportioned to give a figure of £7,516. The gain arising will, therefore, be £8,800 disposal proceeds less cost £7,200 and indexation allowance £310. (ie £7,516-£7,200).

Malcolm Gammie

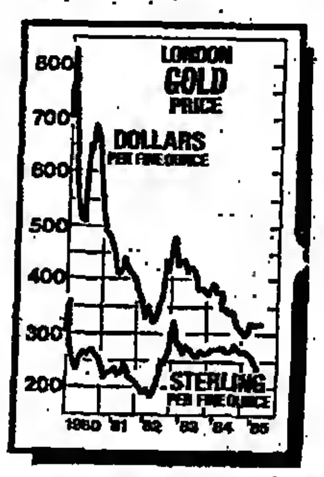
Challenge to the Krugerrand

Gold coins

FOR THE past 12 years, the Krugerrand has so dominated the marketing of gold to UK small investors that it is difficult to image a series competitor emerging.

But the U.S. Congress is now taking steps to ban the import of Krugerrands from South Africa and to mint a U.S. gold coin to replace it. The only existing major competitor to the Krugerrand, the Gold Maple Leaf produced by the Royal Canadian Mint, has seen its world market share rise from 27 per cent to more than 35 per cent in the first half of this year.

Nevertheless, the Krugerrand reigns supreme in the UK market. In contrast to both North America and Western Europe, few investors in the UK hold Maple Leaf coins. The main obstacle here over the past three years to the sale of all gold coins has been the 15 per cent VAT that must be added on the coin price. This has encouraged many investors to buy and hold their coins in the Channel Islands or other offshore centres.



Earlier this month, however, the Royal Mint appointed the five members of the London Gold Market as distributors of the Maple Leaf. Purchasers can, therefore, now buy directly from N. M. Rothschild, Samuel Montagu, Sharps Pixley, Johnson Matthey, and Mocatta and Goldsmid. It is also possible to buy from some German and Swiss banks in London. But none of this is as convenient as buying Krugerrands through a local branch of a clearing bank.

There are other differences between the two coins that investors should bear in mind, though. Krugerrand coins represent an alloy of just under 92 per cent pure gold and the remainder in copper. By contrast, Maple Leaf coins are made of 99.99 per cent pure gold.

The amount of gold in a one ounce Krugerrand is the same as that in a one ounce Maple Leaf coin. But the Krugerrand alloy ensures that the coin is more durable and less likely to be scratched or damaged in transport and handling.

On the other hand, the Maple Leaf coin can be melted down to extract the pure metal more easily and cheaply. This ensures that, whatever happens to the popularity of gold coins, the price of Maple Leaf coins can fall only a whisker below the price of the underlying gold. At present, the premium of the Maple Leaf price over the underlying gold price, for buyers, is about 5.3 per cent. For Krugerrands, it is only 4.8 per cent.

In sterling terms this year, the price of gold has declined. This is mainly the consequence of the rise in the pound against the dollar, as the chart shows.

Clive Wolman

Guide to insurance

HOW MUCH should you insure your home for? The Association of British Insurers has produced a leaflet with advice on arranging insurance for your house. It gives guidelines on estimating how much it would cost to rebuild your home in case of fire or some other disaster.

"With a house buildings insurance claim occurring nearly every half minute in the United Kingdom, it is vitally important for all home owners and buyers to check that their buildings insurance reflects the true value of reinstating their property should fire, weather or other damage occur, the ABI said.

"The amount of cover under the policy should include not only enough money to restore the property fully but also to allow for demolition costs and professional fees — market value is not a good guide."

The typical cost of rebuilding a house has increased by 5.3 per cent over the last twelve months, according to the ABI. Most building insurance policies are index-linked, so that the cover will rise automatically—but it is important that the initial calculation is correct.

"Buildings Insurance for Home Owners" is available free from: Leaflets H, Association of British Insurers, Aldermary House, Queen Street, London, EC4N 1TT.

Tax shelter

INVESTORS WISHING to exploit the generous tax shelter provided by the Business Expansion Scheme by putting money directly into a small company — without going through a managed fund — should look at a £480,000 capital-raising exercise of Paneflex Holdings.

The company makes portable display systems for exhibitions, office screens and other panel-based products, selling into steadily growing markets in the UK and U.S. The money is to be used to reduce debts and satisfy the working capital requirements of increased turnover.

It is issuing shares, partly underwritten, that can be traded on an "over-the-counter" market being made by licensed dealers Prior Harwin Securities. This might allow investors to cash in their holdings after the minimum five year holding period for tax relief — if a market is still being made in 1990.

But the most interesting development is the detail of the information provided in the prospectus which reaches the standard of a company seeking a quotation on the Stock Exchange or, at least, on the Unlisted Securities Market. Almost everything is covered, from the four and five year profit records of the two operating subsidiaries to the methods of depreciating motor vehicles — and the reasons for an earlier qualification of the accounts by the auditors.

But the provision of such detail is expensive. The total costs of raising the funds is estimated to reach £90,000. This accounts for as much as one-third of the minimum funds that will be raised by the company.

Applications for shares must be sent to Croxley Securities in Manchester by next Wednesday.

To buy or not to buy a house abroad

THE alluring vision of spending one's summer holidays or years of retirement on a veranda, drink in hand, listening to the crickets as the sun sinks over the Mediterranean, can be a dangerous one. Turning the vision into reality requires careful planning but all too often people act impulsively. Mistakes are particularly common and costly when purchasing property overseas. No one would buy a house in Britain without inspecting it thoroughly and checking that all the legal documents were in order. But many people are happy to buy property overseas from a developer's brochure and seem surprised when problems arise.

The buying procedure in Mediterranean countries differs from the British system, but is fairly uniform throughout. In most countries, including Spain, Portugal, Greece and Malta, there are three stages in the purchase: the "option" contract states the purchaser's intention to buy within a set period of time; the main contract binds the purchaser to buy at the agreed price and to put down a deposit of not less than 10 per cent of the purchase price; and finally the signing of the deeds which confirm the change of ownership.

Before signing anything, it is essential to employ an experienced lawyer, preferably one who speaks English or a UK lawyer dealing in the country of purchase. When signing the option contract it is worth checking that the small deposit (not more than £500) is refundable if the property is found to be legally defective. The purchaser will forfeit this sum if he fails to continue with the purchase within the time stated.

In the period between option and the signing of the main contract vital legal investigations into the property must be made. It must be established that the vendor is the registered owner in the local land register, and that there are no charges, such as a mortgage registered on the property. If there is a mortgage outstanding. The purchaser can either agree to take it over (not usually possible in the UK) or he must get a written assurance in the contract that the mortgage will be removed before completion. A check on planning and building regulations should also be made at this stage.

If you are buying a resale property, consider a structural survey. Purchasers of new property should check the credentials of the developer. The developer should be willing to offer financial references and guarantee to finish construction by a fixed date. He should also clarify the service arrangements, such as rubbish collection, security and maintenance, which are usually taken over by a management company. It is often simpler to buy through reputable agents such as Chestertons Overseas, Spratley and Co. or Fincasol SA (Spain only) that use only tried and trusted developers, and can explain all service charges and maintenance obligations to the purchaser.

EXPATRIATES

Once these investigations have been carried out satisfactorily, you can sign the main contract. The contract should include a description of the property and registration number, state the agreed purchase price and method of payment, and set a date for completion.

Even if you are intending to retire to the Med permanently, you should apply for a certificate of licence from the national bank acknowledging the import of foreign currency for property purchase. This licence will enable you to export the proceeds of a future sale.

Purchasers of property in Spain may hit upon a local hazard here. Property owners must pay a property tax or transfer tax at 6 per cent of the declared value of the house.

To keep costs down, property owners often undervalue their houses. This can create problems for a foreign purchaser wanting to import foreign currency. If he imports the undervalued amount and pays the difference into a foreign bank account belonging to the vendor, he risks losing any appreciation in the value of the property when he sells. He will have to find a purchaser who will agree to a similar arrangement. If he decides to increase the declared value to the real purchase price, he faces a large increase in property tax and the demand for an explanation from the authorities.

Most purchasers of overseas property pay in cash, but in the south of Spain and elsewhere, mortgage arrangements are available. When buying an uncompleted property it is usual for the purchase payments to be paid in stages over the period of completion. The amounts and period of payments vary from developer to developer. But usually it is up to 50 per cent at the contract stage and the rest on completion.

Many developers and agents can arrange mortgage facilities for a foreign purchaser through the national banks. In Spain, Banco Bilbao and Banco Exteria will lend up to 60 per cent of the value of the property for a term of up to 12 years using the Spanish property as collateral at a rate 4 per cent above base — 18 per cent at the moment.

British institutions are reluctant to lend for the purchase of foreign property unless there is some British collateral such as a UK property, or repayment is guaranteed through a pension plan. Chestertons Overseas offer clients 25 year mortgages through Barrett Studd Ltd at 13.5 per cent for up to 60 per cent of the value of the property, but UK property must be available as security and over-60s are not eligible.

Once the finances have been arranged, deposit paid and contract signed, all is ready for the transfer of ownership and the signing of the title deed. In Spain this document is called an *escritura publica de compraventa* and contains details of rights of way, easements, ownership and charges on the property. Until this document has been signed in the notario's office by vendor and purchaser, the property has not changed hands. After completion the escritura should be registered at the local tax office and local land registry office.

The cost of purchase including transfer tax, notario's fee (around Pta 30,000, or about £130) and land registry fees (about Pta 25,000) is around 10 per cent of purchase price in Spain and rather higher in Greece (14 per cent) and Portugal (18 per cent). In Spain there is also a *plus valia* or municipal capital gains tax on the appreciation in land prices, which the vendor is liable to pay. However, if the vendor fails to pay up, the amount will be registered against the new owner's name.

One way of finding out what you owe in good time is to join the International Institute of Foreign Property Owners. Run by a Norwegian, Per Svensson, the Institute monitors the *Boletines Oficiales*, registers of debts and fines, and lists all the foreigners mentioned in their bi-monthly newsletter. Any member seeing his name on the list can contact the Institute for details of his offence. The Institute also acts as a pressure group representing the interests of all foreign property owners in the South of Spain.

Anyone intending to buy a home in a new country should spend some time there first, preferably in a rented apartment. Once you have bought, you may want to establish residence. The conditions for residence permits will probably change when Spain enters the EEC in 1986, but in most Mediterranean countries permits are fairly easy to obtain—at least if you are a retired foreigner of independent means.

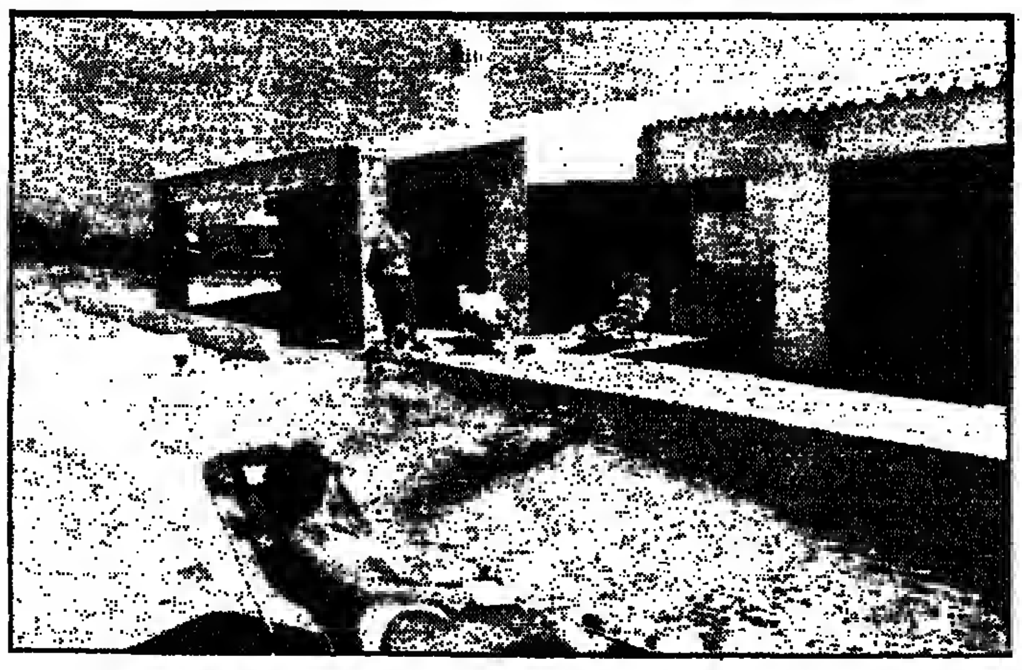
A temporary residence permit is usually issued first for 90 days, after which you apply for a yearly permit. Residence for tax purposes is established after 180 days in most Mediterranean countries, and residents in Spain, Portugal and Greece are taxed on their worldwide income.

In Spain residents should make a wealth and income tax declaration if they have assets over Pta 4m (£17,000).

British pensioners resident in Spain who are eligible for a UK state pension can receive it in Spain at the same rate thanks to a reciprocal agreement between the two countries.

Useful addresses:
Chestertons Overseas, 116 Kensington High St, London W8 7RW (01-937 7244).
Spratley & Co, 33/34 Craven St, London WC2 5NP (01-930 9803).
Fincasol Ltd, 4 Bridge St, Salisbury, Wilts. (0722 26444).
International Institute of Foreign Property Owners, Apartado Correos 35, Calpe, Alicante, Spain.
Glaisyers (UK solicitors specialising in Spain), Alpha Tower, Suffolk Street, Birmingham B1 1TR.

Amanda Seid



The stuff of dreams: the sun, the view, the pool . . . and the fantasy of making it permanent

Briefcase

Change of plans — and a change of home

On the expectations that aged in-laws would be living with us, and thanks to the building society, a largish house was purchased. However, circumstances have changed on the domestic front and future employment security. I now have an opportunity to purchase an ideal retired home large enough for two. A mortgage of £30,000 is possible and if I retire early this will be drastically reduced by part use of a lump sum retirement benefit.

The present home is going to be difficult to sell and there will be a depreciation because of local unemployment. The building society will allow me to run two mortgages provided I move into the house now under construction, but they advise me that I can only obtain tax relief on one property. Is it likely that HM Inspector will allow tax relief on our present home while it is on the market? Where this property is concerned, I intend to reduce the mortgage from £21,000 to £10,000 so in essence, it is hoped to get tax relief on the £30,000 property that will be occupied after the legal formalities and £10,000 on the present house until it is sold, which may take many months. I would be grateful for your advice.

On the bare facts outlined, you should suffer no loss of mortgage-interest relief (nor of capital-gains-tax relief) provided that your present home is sold within about a year of the loan to buy your new home. Ask your tax inspector for the following free explanatory pamphlets: IR11—Tax treatment of interest paid; CGT4—Owner-occupied houses.

Trust for daughters

I am considering creating a discretionary trust for my daughters, by transferring agricultural land valued at £100,000, but with the working farmer relief of 50 per cent its value would, I assume, be £50,000. Could you please advise me as to the approximate legal costs, stamp duties, etc, of creating such a trust?

If you use of the methods that will effect a stamp duty saving, the cost should be in the region of £200.

Index-linked savings loss

On February 7 1984 I bought £1,500 Index Linked Savings Certificates at a compound annual interest rate of 8.4 per cent. I sold them on May 15 1985, and I received a cheque for £1,626.67 which is 8.4 per cent return on my money. However, having held the certificates for 15 months, I reckon I should have received about £30 more than this. I wrote to the SAYE office, and they have replied saying that I have already had the full amount due, enclosing a chart (which I do not understand to prove it).

How can I be paid only the annual rate of interest after holding the certificates for 15 months? Is there some point I have missed, and can you offer a simple explanation? Personally I find the National Savings gobbledygook incomprehensible.

During the 15 months from December 1983 to March 1985, the Retail Price Index rose by 6.797 per cent from 342.8 to 366.1: thus your basic index-linked increase in value was 6.797 per cent of £1,500, viz £101.95. In addition, you qualified for a proportion of the 1983-84 annual supplement of 2.4 per cent, thus your basic index-linked increase was topped up by 1.648 per cent of £1,500, viz £24.72. The total repayment of 108.445 per cent of the purchase price was therefore correct.

During the 15 months from February 1984 to May 1985, however, the RPI rose by 9.186 per cent from 344 to 375.6. So you effectively lost £11.12 in purchasing power: 109.186 per cent of £1,500=£1,637.79, whereas you were only entitled to £1,626.67 under the complicated terms of issue. If you consider that you were misled by the advertisements into thinking that you would be protected against loss of purchasing power, as measured by the RPI during the 15 months in which your money was invested, you may wish to write to your MP. (The House of Commons postcode is SW1A 0AA.)

Under the capital gains tax rules, your index-linked certificates would produce an allowable loss of £11.33 (viz 109.2 per cent of £1,500-£1,626.67), but unfortunately Parliament has denied your relief for this loss, under sections 71 and 29 (2) of the Capital Gains Tax Act 1979.

Problem of estranged son

I am an executor of the will of a friend who left the bulk of his estate to a cousin. His only child, a son, was left nothing because they had been estranged for many years. I am advised that it is unlikely that the son could establish any right to a share of the estate since he was not dependent on his father and there are no compassionate reasons, such as disability. The son knows the contents of the will. We do not know whether he intends to claim a share of his father's estate or not.

I am concerned about the position that will arise when we are able to distribute the assets of the estate. The main beneficiary needs money and I would normally have tried to make an early payment on account. It seems to me that this would be imprudent when we still have the son to reckon with, but it is hard to see how the son can be eliminated short of buying him off. I would be reluctant to do this because it would be so contrary to my late friend's wishes.

Any claim which the son might wish to make under the Inheritance (Provision for Family and Dependants) Act 1975 has to be made within six months of probate having been granted. You can therefore distribute without regard to the possibility of a claim after six months have elapsed after the date of the probate.

Termination of partnership

In 1970 my partner and I purchased a house for letting and subsequently submitted partnership accounts to the Revenue. In 1978 the partnership was dissolved and I purchased the house from the partnership. It was subsequently used wholly as Dependent Relative house rent free, and sold in 1983.

Was there a "disposal" for CGT purposes in 1978 (at which time the gain was small, and would have qualified for exemption)?

I.R. Income Tax "DN1(S) (Notes) "Adjustments and Reliefs" states: "Change of Partnership, etc. Where there is a change of partners .... the change will be treated as involving cessation .... unless the partners elect otherwise" which leads me to believe that there probably was a disposal at the end of the partnership.

Since you say that partnership accounts were submitted to the Inland Revenue, the inspector will have seen details of your partner's sale of his or her half-interest in the house to you, from the final accounts.

It would have been easier to help you if you had given us more precise facts, figures and dates, including (a) the original purchase, presumably as joint tenants (or perhaps as tenants in common, in equal shares), (b) the purchase of your partner's interest in 1978, and (c) the sale in 1983. Without precise data, your final question is really unanswerable.

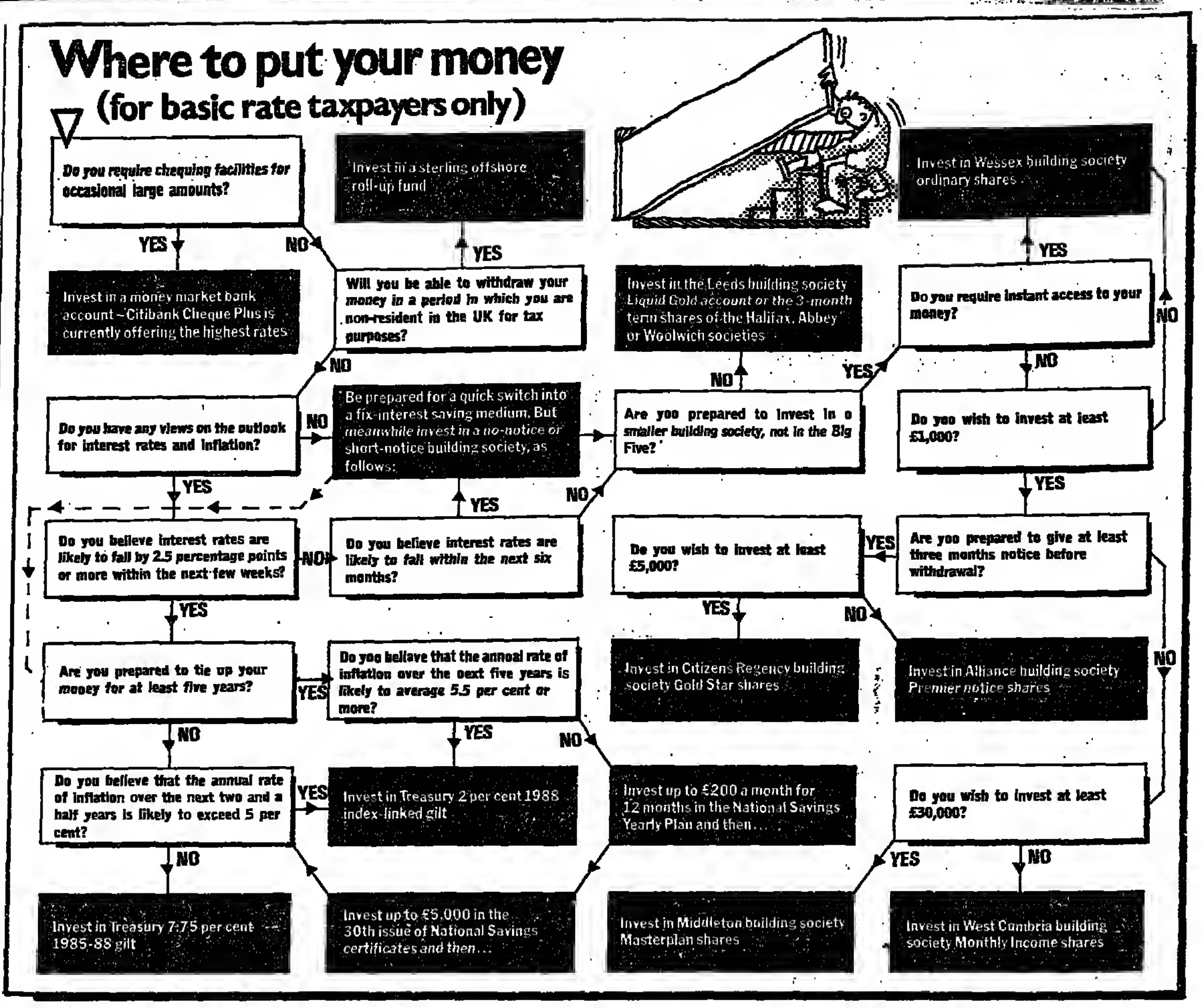
Scale of legal fees

I own several plots of land, on which planning approval has been given to erect houses. The first plot has been sold to a builder, and for carrying out the necessary searches and drawing up the usual agreement for sale, my solicitor has charged me £350. This struck me as excessive, as I had already owned the land for the past 20 years. The excuse given me was that a great deal of work was involved in dealing with rights to connect up sewage and electricity etc.

I now want to sell the second plot. Is there a simple and legal form of document available that would enable me to do the transaction?

Your best course would be to retain a solicitor (presumably a different one). If however you do not wish to do so, you can use the conveyance or transfer which was used in the sale of the first plot as a guide to the formulation required on the next sale. We must however, emphasize that the requirements are not necessarily identical in respect of each sale.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



Rates on a time switch

THE CUT in the banks' base rates from 12.5 to 12 per cent this week has generated expectations of a general and sustained decline in interest rates, possibly back to the levels of early last year—and the levels of other currencies.

The building societies now believe that a one percentage point cut in their mortgage rates is likely in six weeks, at the start of September.

For savers, however, who have enjoyed unprecedentedly high real rates of interest (after adjustment for inflation) on their money over the past year, the news is worrying. The societies, which traditionally react to changes in the wholesale money markets only after a lag, have been pushing up their deposit interest rates steadily under the pressures of competition from each other over the past four months. Now that trend has petered out and is likely to go into reverse.

For basic rate taxpayers with savings, the building societies have offered returns way above any other savings medium over the past 10 months. But, from now on, a sense of timing and adroitness will be required.

It is probably worth holding on for the high building society rates now available. But at some stage within the next two months, if the interest rate decline continues as expected, it could be worth switching out of the societies and locking into a fixed and guaranteed rate of interest. The best fixed-rate deals are offered by National Savings certificates, government "gilt-edged" securities and some insurance company income bonds.

One of the best fixed-interest deals is that offered by the National Savings Yearly Plan, which yields an interest rate of 9.28 per cent tax-free per year for a five-year investment. The maximum monthly amount that can be invested was doubled earlier this month to £200. Regular monthly investments have to be made for a year.

In the gilt-edged market, there are few attractive stocks around for basic rate taxpayers unless you are prepared to take a gamble on a substantial fall in interest rates—or you believe inflation is unlikely to fall much from its present level of 7 per cent. *Most forecasters believe* the rate will be back below 6 per cent by late autumn.

Interest rates will have to fall sharply, however, before these media yield higher returns than some of the smaller building societies. From the best, you can now achieve an after-tax rate of return of around 11.5 per cent, which is as high as when building society nominal interest rates were at their all-time peak back in 1980—and inflation was running at about 20 per cent.

Even from some of the largest building societies such as the Halifax, Abbey National and Woolwich, you can obtain interest rates of above 11 per cent. But you have little to *fear from sending a cheque in* the post to a smaller society. All the ones mentioned here are covered by the Building Societies Association protection scheme, although only 90 per cent of your capital is protected.

Because of the upward movement of building society interest rates, money market bank accounts have become less attractive since we last published on these pages — in April — a decision tree for savers who pay tax at the basic rate. But for those who require chequing facilities, the Citibank Cheque Plus Account is still offering the highest rate (see *page 19*).

The offshore roll-up funds also have suffered from their linkage to money market rates. But it is still worthwhile going offshore if you will be able to withdraw your money when you are non-resident in the UK for tax purposes. In that way, you will escape paying any tax on your interest.

Clive Wolman

INTEREST RATES NOW AFTER THE DEDUCTION OF BASIC RATE TAX

Savings product	Quoted rate %	True rate* %	Restrictions
Citizens Regency BS Gold Star	11.2	11.63	£5,000 min. 3-mth. notice
Alliance BS Premier	11.0	11.42	£1,000 min. 3-mth. notice
Middleton BS Masterplan	10.75	11.30	£30,000 min. 1-mth. notice but none over £10,000
West Cumbria BS Monthly Income	10.75	11.17	£1,000 min. 1-wk. notice
Wessex BS Ordinary Shares	10.10	10.36	None
Halifax/Abbey Nat./Woolwich BS	10.75	11.04	£500 min. 3-mth. notice
National Savings 30th issue	8.85	8.85	After 5 years
National Savings Yearly Plan	9.28	9.28	£2,400 max., after 5 years

The detailed figures on building society rates can be obtained from Building Society Choice, Riverside House, Rattlesden, Suffolk. Tel.: (04493) 287. *Smaller building society addresses:* Citizens Regency, 30-31 North Street, Brighton. Alliance, Hove Park, Hove, East Sussex. Middleton, Sadler Street, Manchester 24. West Cumbria, Murray Road, Workington, Cumbria. Wessex, 115 Old Christchurch Road, Bournemouth.

Benefit entitlement made a little clearer

Lisa Wood maps a route through the baffling maze confronting women wishing to claim their benefit entitlements

THE COMPLEXITIES of the social security system came under attack last month in the Government's Green Paper. But for a woman who first comes into contact with the system as a result of a personal tragedy—a bereavement or the loss of her job—the system can appear particularly daunting, and it can easily lead to despair. The Government itself reckons that every year about £700m of entitlements fail to be taken up.

Attempts are now being made to *streamline the system*, even in advance of reforms along the lines suggested by the controversial Green Paper. *Many* more personal self-assessment forms are now handled by post. The Department of Health and Social Security (DHSS) has set up a Freephone system in London and several other parts of the country, over the last 12 months. This allows the public to phone and discuss their entitlements to benefits.

Under the existing system anybody who has paid full National Insurance contributions is entitled to Unemployment Benefit. For a woman this earnings-related entitlement is not affected by the earnings of her husband, although she would not be entitled to supplementary benefit if her partner was in full time work. Entitlement to Unemployment Benefit (UB) lasts for one year, when the individual must then claim Supplementary Benefit (SB). SB is also available to those on UB who can claim that it is not sufficient to meet their needs.

Here the rules become complicated. You do not get the full UB plus SB, the latter including housing costs, such as mortgage interest. Instead, you receive the SB payment minus the UB allowance. If you live at home at no cost and are over 21 you will not qualify for SB for one year until the termination of unemployment benefit.

You are not entitled to SB if you or your partner have more than £3,000 in savings—which can pose problems for *individuals with a golden handshake.* But the DHSS exercises its discretion in these matters.

A single woman with a child can register straight away for SB. Her right to stay at home to look after the child, not registering for work, is recognised. But child benefit for each individual dependent is knocked off the final SB amount. Similarly, any maintenance payments are taken into account.

One benefit that many women at home are unaware of is the *Home Responsibilities Protection* Scheme. This is aimed at people who are unable to work regularly because they stay at home to look after someone. Under the scheme the claimant receives National Insurance protection for pension rights.

The DHSS gives as an example a woman of 36 who has worked for 20 years, who has a child, and is out of the labour market for 16 years. Under the scheme she would get credits for NI during the period of childrearing, so at the end of that period she would have assessed NI contributions for 36 years.

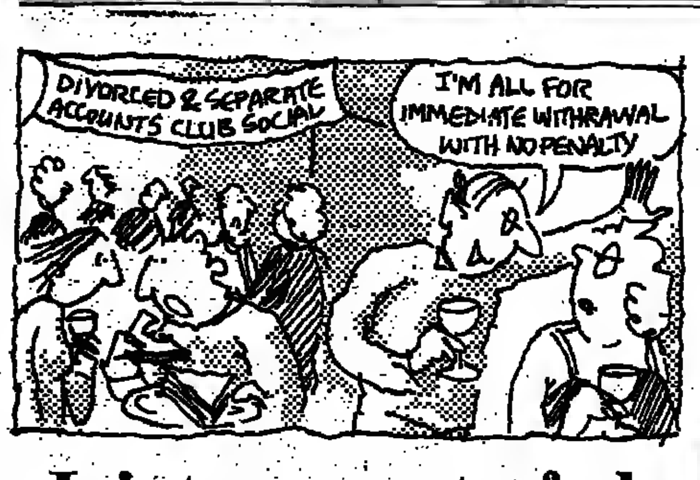
Family Income Supplement (FIS) is intended to ease the poverty trap when a one-child family unit, for example, is earning less than £90 a week. Family units come within this remit if the head of the household in a two parent family is a full-time worker (30 hours a week or more), or a lone parent works 24 hours a week.

If, for example, a single parent earns £80 a week the DHSS will then give her half the difference between that and £90. Her wage is the sole source of income which is assessed. FIS has one of the lowest take-up rates. The Department estimates that the 210,000 people claiming it represent only 50 per cent of those who could.

There are other benefits which women in particular may want to claim but sorting them *out can be a problem. These* include health benefits, such as free milk and vitamins available to expectant mothers, and children under school age in families on FIS or supplementary benefit, and maternity allowance, which is based on NI contributions.

Widows qualify for the widow's allowance, except those of 60 or over, whose husbands were on retirement pensions when they died. Here it is the late husband's contributions which count — as in the case of the widowed mother's allowance and widow's pension. How much you get in the latter depends on your age when widowed mother's allowance ends: from £10.74 a week at 40, to £35.80 a week at 50 or over. If a husband died after April 5, 1979 his widow also gets [illegible] pension [illegible] earned. This [illegible] paid automatically. [illegible] tell your local social security office.

• FINANCE & THE FAMILY •



Joint accounts fade

Banking

THE joint account is losing popularity. More women are switching to sole accounts these days, sometimes in their own name rather than the marital name.

A recent Lloyds Bank survey showed that 58 per cent of female current account holders had sole accounts and 42 per cent had joint accounts. A sample of professional women showed that 70 per cent had sole accounts. Single women in this group were 94 per cent sole account owners compared with 49 per cent of married women.

There are good reasons for the declining popularity of joint accounts. Badly handled, they can canse friction: the pbenomenon of the electricity hill arriving after the account has been depleted by payments for new clothes or golf club subscriptions is well known.

Nevertheless, the joint account has some advantages. Some couples maintain individual accounts to cover their personal needs and fund a joint account to meet the household expenses. This may involve three lots of bank charges but provides independenca for both parties.

There are other benefits. For example, most bank mandates include a survivorship clause. This means that if one party dies, any balance on the account is at the disposal of the survivor as soon as the bank is shown the death certificate. This can he important to a married couple, because the widow can continue to draw on the account without waiting for letters of administration or prohate to be proved.

In the past, bankers have regarded the busband as the dominant partner in a joint account, sometimes addressing the statement to him. Under the Consumer Credit Act banks are now obliged to forward a statement to eacb party to an account.

However, you can sign a dispensing notice so that only one statement is sent, thus saving the bank expense and probably reducing your ebarges.

This new legislation makes sense because the normal bank mandate, which all parties sign when a joint account is opened, establisbes joint and several liability. So if an overdraft is not paid off, the bank can claim against all the parties to the account, jointly, individually or in any combination. It also has the right to plunder any other private account maintained at the bank in the name of any of the parties.

Banks usually require the agreement of all the parties to a joint account before fixing a borrowing limit, but overdrafts have a habit of appearing without pre-arangement. In any case, all the parties to the account should prefer to be kept fully aware of the extent of any borrowing.

There is no limit on how many people can share a bank account and arrangements can be made for any or all of them to operate the account.

When an authority bas been given for all to sign and a quarrel blows up, the rule is: the first one to the bank takes all. Provided the mandate is still in force the bank cannot refuse payment. A more reasonable attitude in these circumstances, however, would be to give written instructions to the bank for the mandate to be terminated with immediate effect. Any *party to the account* can do this and thereafter the bank will insist that all the parties sign on the account.

It is important to read the joint account mandate before you sign it. For example, it may contaio an authority to deliver securities or deeds against the signature of any one authorised to operate the account. If you do oot approve of sucb a clause, ask for it to he deleted or amended.

Harold Baldwin

'Names' rush to insure against loss

Lloyd's

UNDERWRITING members of the Lloyd's insurance market need not lose heart. Parliament is still watching over your interests.

That might have beeo the message from the House of Commons debate on Tuesday night, hut some members prefer to take more concrete measures to protect themselves against loss.

Since the latest round of losses came to light at the troubled PCW syndicates, Lloyd's members—or "names"—have heen rushing to take out personal stop loss insurance policies. More are expected to do so next year, and rates are likely to double or treble.

Lloyd's veterans used to frown on stop loss insurance. It was seen as casting aspersions, hoth on th underwriter's ability in managing a syndicate and on the name's acceptance of the principle of unilimited liability.

Since the early 1970s, preminms paid on a stop loss policy have been allowed as tax-deductible expenses for Lloyd's members. This shifted a good deal of the real cost ooto the Inland Revenue and made the policies much more attractive.

But it was the spectacular losses of the PCW syndicates that thrust stop loss insurance into the limelight. The glare was unflattering, because of the apparently ineffectual in-house stop loss arrangements made for some PCW names.

Many PCW names, bowever, did bave effective policies. Their claims under external stop loss policies have contributed to the worst year for some time for specialist stop loss underwriting syndicates at Lloyd's.

What do you get for your money? The typical policy will indemnify you for up to £100,000 of losses in one accounting year. You cannot insure only your exposure on one syndicate—all your Lloyd's syndicates must be taken into account in measuring yonr net underwriting loss.

The excess — the initial amount that you must pay on any claim—is usually 10 per cent of your allocated premium income. If you are underwriting £200,000 of business, then you must take the first £20,000 of losses on the chin.

There are, bowever, a number of different typea of poiicy. One underwritten by tbe Dawson Mackinnon Hayter syndicates, for Instance, uses as the excess the "deemed tax recovery" — the amount by which the name should he able to write off bis Lloyd's loss against his tax bill. This migbt represent a good hargain for top ralc taxpayers.

Other policies run for tbree years, instead of the single underwriting year, while unlimited policies can be bought to cover the name's estate against losses after his death.

Tbe cost of the policy will depend on a number of factors: the spread of the name's syndicates, the amouot of the excess, the amount of business the name underwrites. It will also be governed by how much capacity the Lloyd's market has to underwrite stop-loss policies.

At the start of this year, preminms for £100,000 of cover started at around £500-£750, rising steeply for those with more exposure. By April, demand for policies had begun to surge. Some syndicates put up the shutters as they reached the limit on the amonnt of business they were allowed to underwrite. Others raised premiums steeply.

In 1986, demand is still expected to be high. "We reckon premiums will at least double next year," says Charles Mackinnon, who manages two specialist stop-loss syndicates at Lloyd's.

In fact, Mackinnon believes underwriters may not only raise premiums but also reduce the indemnity. You could have to pay twice as much for £50,000 of cover in 1986 as you paid for £100,000 in 1985. New quotes will start to he available around November.

There is a vicious circle effect. Because Lloyd's syndicates are limited by the amount of premium income they may accept, if premiums go up they cannot do as much business before reaching their limits. Shrinking capacity then forces rates up still further.

"If everybody took out stop loss, it would not work," says John Peel of the Association of Lloyd's Members. "There is only so much capacity." The association now advises names to take out stop loss insurance — and markets a policy itself, underwritten by the Kingsley Carritt agency.

There is, however, some stop loss insurance underwritten outside Lloyd's. Brokers such as Hogg Robinson offer policies using reinsurance companies like Continental Reinsurance Corporation of New York or Munich Reinsurance.

Possibly the best insurance, though, is to underwrite through a balanced spread of syndicates. The policies that have hit Charles Mackinnon's stop loss syndicates hardest over the years have been for names with large allocations to single syndicates.

Next year, he intends to charge much stiffer premiums to those whose exposure is narrowly spread. "The people who got away without overall losses are those with balanced portfolios. Obviously that is the lesson," he says.

George Graham

The friendly way to do it yourself

Personal Pensions

IF YOU are not in an occupational pension scheme, you have probably been told to go to an insurance company to tap the substantial tax reliefs available on savings througb a peosion plan. But if you put your money into an insurance company, you will see most of the Inland Revenue largesse eaten up by salesmen's *commissions* and charges.

Insuraoce eompany cbarges typically account for 20 to 25 per cent of the client's total investment in a pension plan. The broker who sells you a long-term contract will usually pocket about 57 per cent of your first year's premium and 2 per cent of each subsequent year's.

But you can set up a simple and cbeap do-it-yourself pension plan eveo before the Government fulfils its commitment to allow everyone to make a personal pension arrangement.

The DIY plan, which involves estahlishment of a registered friendly society, allows you to take out loans from your personal pension pot. This means yon can save through your pension plan and receive a top-up from the taxman, without haviog to pare back your spending plans. Any shortfall from saviog too much can normally be made up by a loan-back from your pension plan, provided you can offer your home or other assets as security.

Since it was introduced by 1974 legislation, the device of building up a pension through a specially-formed friendly society bas been used primarily by professional *partnerships*, particularly of accountants, stockbrokers, lawyers and actuaries, but there are ways in which employees—and even groups of self-employed people —may also be able to use the provisions.

The simplest way of setting up a friendly society is to band together with at least six other colleagues. You can hire a firm of consulting actuaries to carry out all the paperwork necessary to set up the society, receive approval and administer the investments and accounts—at least for the first year until you are acquainted with the system.

Actuaries Bacon and Woodrow charge about £3,000 for this service and Duocan C. Fraser's fees come to about £2,500, so it will be worthwhile using such a service only if the total contributions of the members are expected to be fairly large in the first few years.

The Registrar of Friendly Societies requires tbat the society has at least seven members who must normally have a common bond via the same employer or the same partnership. In some ways, his criteria appear strict. He once rejected an application to found a society from partners in a loosely federated accountancy firm who came from different offices around the country.

But the 1974 legislation grants him a wide discretion. *He requires* that there should be some "sense of community" between the members of the society. This covers partners in the same firm at the same workplace and employees in a similar position. He is, however, wary of approving a society of both employees and partners together unless every member's investment fund is clearly separated and identified and there is no mixing of interests.

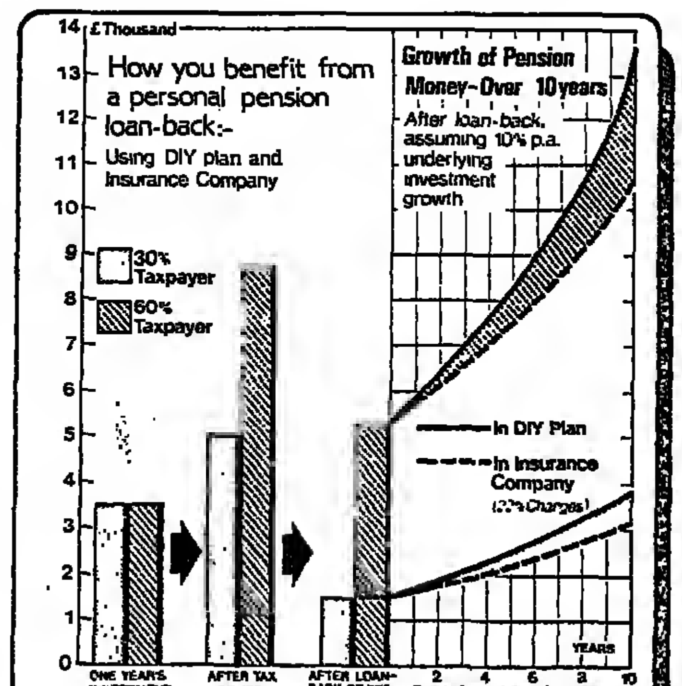
Wbat bas yet to be tested is wbether a group of self-employed people working together in the same place would be considered to have a sufficient "sense of community." This category could include barristers in the same chamber, dentists or doctors in the same practice, sales representatives of the same company, and consultants, journalists or copy-writers io the same office or bureau.

Another problem is faced by a firm of less than seven members. They will be too few to set up a society by themselves. A possible solution suggested by Huw Wynne-Griffith, a partner in the London office of consulting actuaries Duncan C. Fraser, is for the members of such a firm to affiliate to an established friendly society as a separate branch. There would have to be a genuine link between the branch and the central body, perhaps through the payment of common administration fees.

As the criteria laid down by the legialation are so vague, it may require a court case to establish wbat categories of society the Registrar should permit. The Government's proposals on personal pensions issued last July, which consider an expanded role for friendly societies, has probably shifted sentiment in favour of a more *liberal* interpretation.

Most friendly societies separate the investment of each individual so that there is no cross-subsidy. As you make your contributioos, a lump sum builds up in your name until retiremeot when part of it may be taken tax-free and the rest used to buy a pension annuity.

One advantage of the arrangement is that each member has control over his investment policy.. The secretary of the society, who is usually one of the members serving on a voluntary basis, has to do little more than sign the cheques and prepare the annual accounts — no more than a day's work for a society of about 10 members.



The ooly limitation is that imposed by the Trustee Investments Act wbich limits investment in unit trusts and ordinary shares to 50 per ceot of the total. If you want to lend the money, or some of the money, hack to yourself, you will have to provide security. You should also charge yourself a commercial rate of interest, otherwise the Registrar may ask questions. As the money is yours anyway, you lose nothing by doing so. If you want to limit your interest payments in the first years of the loan, consider making an index-linked loan.

Partnerships can also use their friendly society pension fund to finance their busioess. It often makes commercial and fiscal sense for the society to buy the buildiog which houses the offices of the partnership and lease them back.

Clive Wolman

PROPERTY

Somewhere special to anchor the yacht

AT PORT GRIMAUD in the South of France, you can anchor your boat, whether dinghy or motor-sailer, at the bottom of the garden. If you do not have a boat you can buy one through Robin Brandon, yacht broker, in the village square. No cars are allowed in the narrow, winding streets of this magical marina once the luggage has been delivered.

Practically every port on the French Mediterranean cost is now marina-style, built by developers to promote the sale of their villas and apartments.

However, Port Grimaud, designed and developed by architect François Spoerry, is special. For a start it was created from derelict marshland. The first stone was laid on October 3, 1966 and the first homes were handed over in July 1967.

The early houses had old roof tiles transported from the Drome, where a whole suburb was being demolished. Local craftsmen were brought in to make staircases with treads of acacia wood and wrought iron, for the balconies which overlook the canals. Floors were made strong enough to take the weight of the pointu, traditional boat of the deep sea fishermen.

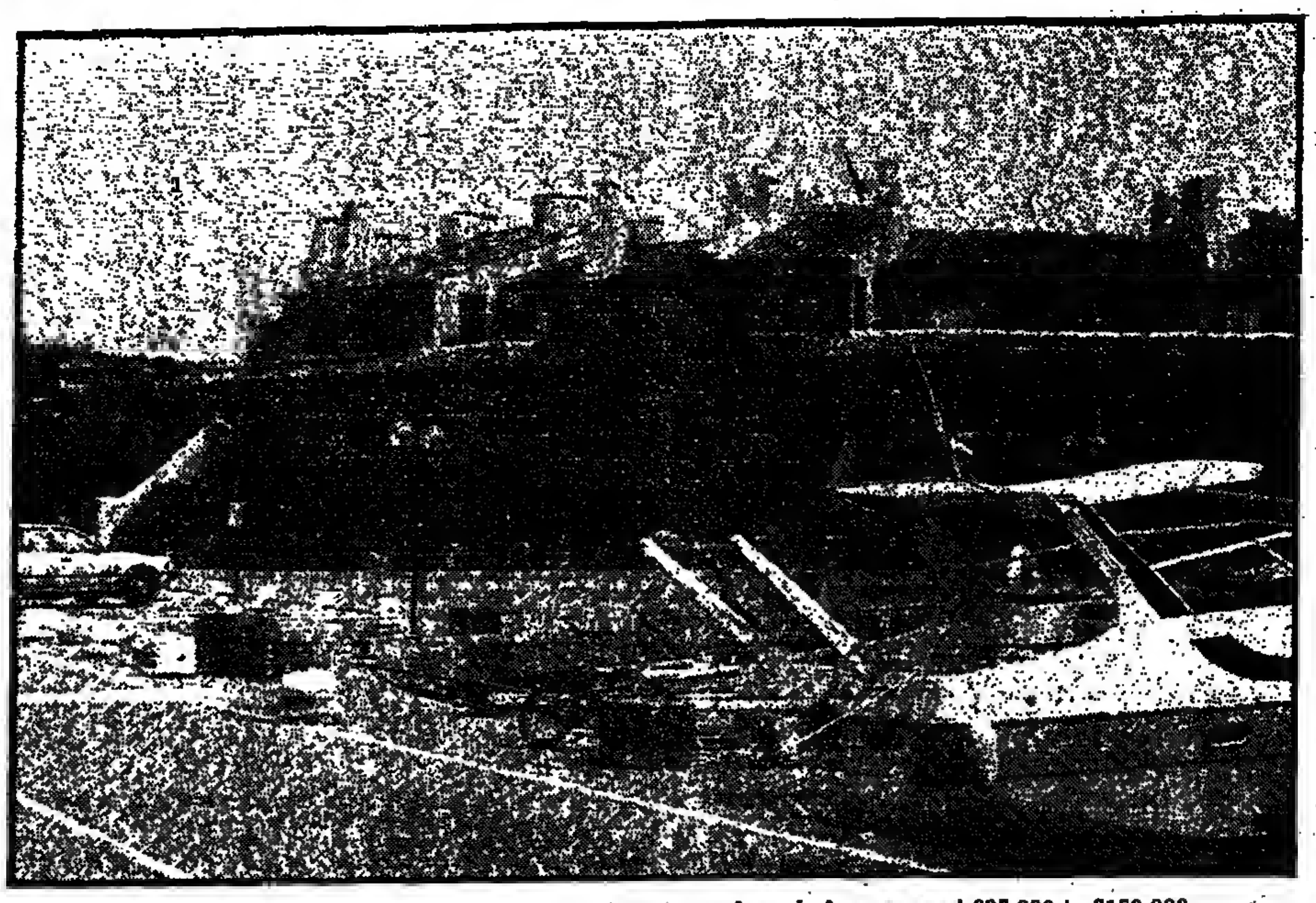
"My idea was to make people boat-conscious rather than car-conscious," says Spoerry.

Port Grimaud has had its detractors. Some deride it as a pastiche, an exquisite fake, "more like a stage set than a cruising man's harbour," says one. But those original maison de pecheurs as they are known, which originally sold for around £26,000, now fetch over *£100,000.*

Several large four-bedroom, three bathroom houses, with their own swimming pools, have just been sold at around £300,000 to British buyers.

By contrast, in the latest apartment complex, Les Grimaldines, studios with a *coin repos* to tuck the bed in, cost from £25,000. They include a balcony or terrace by the water, with another £10,000 for a mooring. *A boat is not essential.* Owners will get two passes for the *coche d'eau*, the water bus which takes you to the shops and restaurants and the Giraglia Hotel.

Much of the area's promotion to the British over the years has been done by Madeleine Masson an Englishwoman who lives in the Sussex yacht haven of Bosham, and spends a month each summer in Port Grimaud. She would like to see more people coming in winter: "It is very tranquil then, when the holidaymakers have all gone back to Paris," she says.



Les Marines de Cogolin, where apartments are for sale from around £35,000 to £150,000 through McCartney Estates (025 671 3155)

On-the-spot selling is through Nicholas Beuttler, who lives in a cottage alongside the nearby Chateau La Mole. He works through Montpelier International (01-225 0551), who are starting their own development on part of Super Valmer, in the hills overlooking the Bay of Cavalaire where American and British forces landed in August 1944.

At Super Valmer, among the eucalyptus and the parasol pines, the infrastructure and a swimming pool are already in *place for the existing 18 villas.* Montpelier will be building 22 Provençal-style cottages. There will be good storage space, a "rental" cupboard for personal things, and a little *cobine* for use as a study or third bedroom with bunk beds for the children. Prices are around £75,000.

A brochure which gives details of a furniture package, purchasing costs (you need to add on at least 3 per cent to the overall price), mortgage facilities and so on is available from Count Hugh de Meyer, chairman, Montpelier, 49 Brompton Road, SW3.

On the Col de Mourier, the highest peak of a chain of hills above the Golf of St Tropez, a project called Les Residences Bellevue is planned. Some 169 apartments are to be built among a pine and cork grove. Handling the development as marketing director of Sofim and Village Invest, based in Grimaud, is Jassmin Standing, who used to run the overseas department of *John D. Wood* in London.

There is no shortage of property on offer in the South *of France*, whether in the hills or on the coast, new or resale. Competition among local agents for their 4 to 5 per cent commission is fierce. Some will not put photographs of property in their office windows because it has been known for a client to contact an owner direct.

In the daily newspaper, *Nice-Motin*, property is advertised in succinct, classified fashion— "Unique, Port, splendid, sunny, character studio. Offers from £16,000" through Immobilier Conseil Service, Nice.

At Agence Exim in Cogolin, *run by Jacqueline Storey* in partnership with Jean-Yves Basset, listings are also brief but to the point. At Les Barines de Cogolin, a spacious studio with a "kitchen-corner," shower and generous terrace, is on offer for £31,000. One of the largest marina *apartments with* four bedrooms, three bathrooms and a little interior patio, plus a mooring, is £150,000. In this complex, berths in the basins were originally bought by taking shares in the Port company according to the size of your boat. This agency is represented *by* McCartney Estates in England (025-671 3155).

Cannes-Marina, which was built to an American formula is big and brash though not particularly beautiful. The views however are splendid when you get inside. Prices vary from below *£30,000* to over £100,000. Access to the sea is by the River Siagne, and although quite large motor boats can be accommodated, it is not suitable for sailing boats with fixed masts.

But as agent David Vaughan, *manager Chestertons* Overseas, based in Kensington High Street, W8, observes, many at Cannes-Marina are not boating people. "They buy for the amenities of a swimming pool for each block, tennis courts, golf course, and shopping at Mandelieu's Rallye Hypermarket. The motorway is within five minutes and Nice Airport under 30 minutes' drive."

Boat-minded or otherwise, *worth studying for the flavour* of marina-living is Philip Bristow's *French Mediterranean Harbours.*

Facts for buyers

BY LAW, new developments in France have to be underwritten by a bank. *If a development* company should go under before a project is finished, purchasers are protected. Even with stage payments made when buying off-plan, the buyer acquires title to the as-yet incomplete unit, which can then be re-sold together with its hidden asset value.

Advice must always be taken for specific properties. For a general guide, Chestertons produce a fact-sheet on Buying New Property in France, which explains some of the intricacies of the preliminary contract and the deed of sale.

The system covering ownership of flats, or houses with shared amenities, is known as *copropriété*, co-ownership. The owners' title is represented in the form of shares in the whole development. This covers outright ownership of the particular section concerned, with shared ownership of the communal parts—staircases, lifts, gardens, pool and so on.

A lengthy document, *règlement de copropriété*, is of vital *importance* in this kind of transaction. It sets out:

- The rights and obligations of owners.
- The method of calculating the service charges. As an example, one South of France developer is currently quoting FFr 2,700 (£220) a year as a rough guide for charges on a small apartment in a new building. Rates and taxes could be about FFr 2,000 a year.
- The rules and regulations governing the maintenance and administration of the block and the appointment of a *syndic*, managing agent.

Help can come from the Mediterranean Property Owners' Association, represented in Britain by accountant Peter Stocker, MPOA, 142/144 Oxford Street, London (01-323 1276). A lawyer in Nice will attend owners' meetings as *mandotaire*, proxy, and ask all those awkward questions about charges which arise universally when there is multi-ownership of property. Membership of the association will cost around £250 annually.

Another useful organisation is Mediterranean Property Services, run by Stuart Baldock, estate agent in Antibes, whose London contact is Chestertons Overseas. They will manage everything from a studio to a large country estate, in the area from the eastern border of the Alpes-Maritimes, west into the Var to St Tropez and beyond. For a fee of about £300, they will:

- Prepare a house information sheet.
- Clean and repair your property, inspecting it once a fortnight as well as supervise any alterations.
- Stock up the refrigerator before you arrive.
- Maintain your car and boat while you are away.
- Help with personal emergencies — whether it is a stolen car or a sick child.

June Field

هكذا من الأصل

Feet first in Luxembourg

WHAT A huge difference pedestrian areas have made to the cities of Europe over the past couple of decades. That relaxed atmosphere, once confined only to squares and grander promenades, has now tumbled into the streets, completely changing the atmosphere of many centres.

I don't know when Luxembourg turned much of its small central area over to pedestrians only; it is more than 20 years since I was there last. But on a hot July day this year the scene was the familiar and pleasant one—tables out, musicians playing and people perambulating. The main pedestrian areas are bang in the middle of the old town, with the Grand Rue and Rue des Capucins given over to strolling shoppers.

Indeed, Luxembourg, the city rather than the country, is no place for motoring. A one-way system presents a baffling maze for visitors and most of the more interesting sights are in narrow streets which, if not for pedestrians only, are virtually impossible to park in. Far better to leave your car at your hotel or use one of the underground car parks.

Luxembourg is one of those places that everyone has heard about but tends to overlook, and the arrival of the European Parliament has deepened the image of staid propriety. But it is the absence of another institution that has perhaps a more significant effect: Luxembourg has no university, and thus lacks the salting of student life and activity that are so much a part of other capitals.

The placidity of Luxembourg must be something of a relief to its ancient stonework, for life there often has been anything but peaceful. Set spectacularly in the deep valleys of the rivers Alzetta and Petrusse, the city has both prospered and suffered over the centuries thanks to its strategic position. There was a small fortified settlement there even before Count Sigfrid took over in 963, but he was the one who started the work that was to turn Luxembourg into the most formidable fortress in Europe.

These fortifications attracted the attentions of Burgundy, the Hapsburgs, the Spanish, the French and the Dutch. The French returned after the revolution, only to be displaced by the Prussians. Then it was decided that enough was enough and the only way to stop the fighting was to take away the prize. Luxembourg's fortress was removed.

Of course, getting rid of such a vast and substantial structure (essential in tha creation of a neutral country, whose neutrality was subsequently ignored) was not a simple task. The remains of the old walls even today give some indication of the vastness of what once stood on this site, and the views from the Place de la Constitution and around the Bock are still memorable.

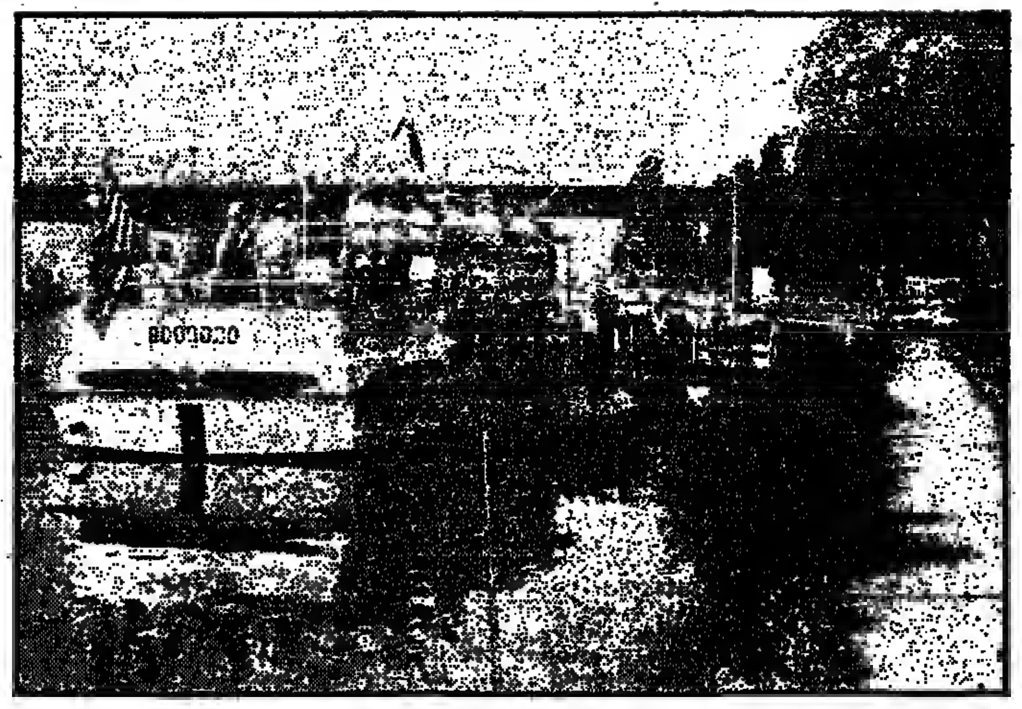
The Bock itself is the heart of the old fortress area. The casemates, however, 11 miles of underground passageways that form the main attraction for visitors, are relatively modern. Originally, there were 17 miles of them, honeycombing the hillside and built in one year in the mid-1740s by Austrians defending themselves against the French.

When the fortress was razed, removal of the casemates was impossible. The city of Luxembourg would collapse if they were destroyed.

Tba trip round the casemates today includes only a few hundred yards of the central area—most nf the rest is blocked off, and often used as cellar space for private homes. The views from the various windows are again impressive, but visitors need a touch of imagination and some prior reading to get the full impact of the place. You pay your entrance fee (about 50p), get a brief leaflet and are then left to your own devices. Before heading for the Bock and its casemates, it is probably best to drop in on the town hall crypt where there is a model of the old fortress and an audio-visual explanation.

Above all, Luxembourg city is a place for strolling. Behind the Bock and around the Rue Sigeroi is a network of little streets with an ample supply of small cafes and brasseries. Thanks to its many Eurocrats, the city boasts more glossy restaurants than its tiny population might at first sight warant; but you can quickly spot the grey suits and white shirts (or sensible skirts and white blouses) that seem to the uniform of such people, and avoid their main watering holes.

What is fascinating is that the city still boasts a strange intermingling small town domesticity with international jet-set political living. While CD cars jam the streets, a glance over any wall will reveal small plots of vegetable gardens with neat rows of beans and potatoes flourishing under the noses of the Euro-politicians as they sip their chilled Moselle wines and eat local river pike.



Happy days . . . a tourist boat on the Moselle at Remich in Luxembourg

In fact, a trip to the banks of the Moselle takes the visitor much closer to the real life of Luxembourg. Small villages, whose livelihoods are based on producing the local fruity white wines, dot the hills beside the winding, and commercially important, waterway. Even the bigger villages — Remich, Wormeldange and Grevenmacher—are of manageable size, even if Grevenmacher in particular does attract hordes of visitors from West Germaoy across the river.

If you want to escape the crowds, try the tiny wine hamlets. I lunched in leisurely style in Ehnen, sitting out on the terrace of the Hotel Simmer, watching the barges chug by and preparing myself for a trip round the local wine museum (where the guide, incidentally, demonstrated the international complexity of Luxembourg by giving explanations in French and German to a small group consisting of English and Dutch families!).

Wormeldange is worth wandering around, and perhaps sampling coffee and Luxembourg cakes, although Gravenmacher is much bigger and considerably more popular.

The real tourist centre of the area, however, is a little further north and on the Sure River rather than Moselle. Echternach claims to pre-date Luxembourg city as a residential area, and today aspires to outdo the capital in things artistic and cultural.

Massive damage was done to the town in World War II but the restoration has been careful and extensive. It is a delight to wander about, the only misfortune being that thousands of others have a similar notion. You can, however, get some elbow room in the Basilica of St Willibrord (which dates back to the 13th century), the Orangerie, the Abbey, and the Church of St Peter and St Paul.

But perhaps the most pleasant reason for making Echternach a stopping point or touring centre is the surrounding countryside. The town sits in the 725 sq km central European nature reserve, which crosses the Luxembourg-German border. Between Echternach and the inland village of Berdorf is "little Switzerland," a world of forests, streets, contorted rock formations and strange gullies. A huge area is marked out with walks, many of them running quite long distances. The information office at the Basilica in Echternach will give details. If your inclination is to something tougher, there is a local mountaineering school.

Travel north and west again and you get into castle country, and the Ardennes. It is remarkable how thickly forested this area is, even today. Many of the castles are in ruins and some, like Brandenburg, offer the possibility of more tunnel and cellar exploration. Many, such as Beaufort, had a brief flowering of power and glory (in this case, little more than 100 years in the 16th and 17th centuries) before being relegated to being little more than a visitor attraction.

In the northern town of Clervaux (which again tends to be a touring centre thanks to its superb surrounding countryside and pretty, pedestrianised centre), the castle is complete and dominates the little community. Its excellent condition is, however, deceptive. The castle was largely destroyed in the war and has had major rebuilding.

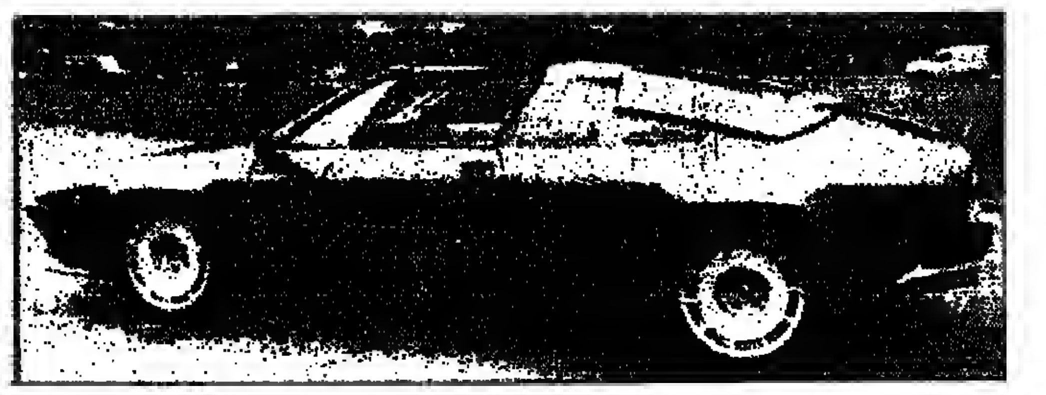
My first visit to Luxembourg was as part of a youthful "grand tour" as I rambled an impecunious way towards Rome. Autobahns, rail routes and air services all combine to press a more direct route on today's travellers. This is a great pity because Luxembourg offers a rare combination in the modern world of charm and an appreciation of the good things of life.

I stayed at the new Inter-Continental Hotel on the northern outskirts of Luxembourg city and can commend it equally to business or leisure travellers. It might not be the prettiest of buildings but the views from most of the rooms are of wooded hills, the food is good, and the towels fluffy. I even met Barbara Castle in the lift. That's Euro politics for you.

I travelled Luxair from Heathrow. There are daily flights: Luxair early in the day, British Airways in mid-afternoon. To get the most out of the country you really need a car, and all the major rental companies are represented at the airport. But many of the more interesting roads are very narrow, so for that reason—and parking—choose something of manageable size.

Arthur Sandles

Such civilised supercars



The Lamborghini Jalpa . . . it sings like Pavarotti

LET US be entirely honest. No-one in Britain buys a car capable of 150 mph-plus with the intention of always driving at 70 mph or less.

That being so, do you choose one that parades its high performance with looks that make it seem to be speeding when it is standing still? Or do you keep a lower profile and buy something that, at a casual glance, could be a business car and thus might not excite unwanted attention from the police?

If the former, you might end up with a Lamborghini Jalpa; if the latter, a BMW M635CSi. In performance, they are close to one another. The Jalpa's top speed is 154 mph, the BMW's 158 mph. Both will leap from a standstill to 60 mph in a cloud of rubber smoke and a shade over six seconds.

The BMW has a 3.5 litre in-line six-cylinder of legendary smoothness which develops 286 bhp at 6,500 rpm; the Lamborghini a 3.5 litre V8, for which 255 bhp at 7,000 rpm is claimed. Both have 5-speed manual transmission. The BMW is a coupe with four seats and a large boot, the mid-engined Lamborghini strictly a two-seater, with baggage space to match.

Fewer than 450 Lamborghinis are made each year, which compares with 3,000 or so Ferraris. Only 25 Jalpas reach Britain, plus another 20 of the fearsome Countach V12s. The Lamborghini is cheaper than the BMW —£28,450 against £33,160 for the M635CSi. However, an almost identical looking, though slightly less potent, 635CSi may be had for £26,195. Only the cognoscenti would know the difference.

As I left the West End in the Jalpa it was easier to drive in traffic and much less difficult to see out of than I had feared. The clutch was fairly heavy and the steering at low speed needed a bit of muscle but the polished steel gear lever moved easily.

There was some thump from the ultra-wide Pirelli P7 tyres over drain covers and cat's eyes but the ride generally was firmly comfortable. In town, the Jalpa did not fel fidgety, pulling happily in third or fourth. On the motorway, it was keen to be off and I have no doubt that on the autobahn it would put two and more miles into each minute with the greatest ease.

The BMW M635CSi . . . silky but tigerish, too

The V8 made the most wonderful noises; from about 4,000 rpm upwards it sang like Pavarotti practising. On winding secondary roads the steering was light and razor sharp. The Jalpa made bends disappear effortlessly, scuttling round them without roll or tyre noise.

The BMW M635CSi has an engine like that used in the M1 sports-racing car. A typical BMW unit, it is as silken around town as a limousine but tigerish once the speed limits are left behind. Despite high gearing, the BMW accelerated cleanly in top. When dropped into second or third, it shot forward like a stone from a catapult. Even so, it is an undramatic car to drive at sensible speeds.

I found the ride tranquil. Even at 100 mph in fourth gear, the engine is tuneful rather than hard worked. In fifth, it strides along at speeds one dare not even think about in this country. Considering the amount of power it has to handle, the clutch is light. The power-assisted steering was most welcome when parking in town, agreeably precise in the country.

Unusually for a BMW the transmission was inclined to snatch at low speeds on the overrun in second or third which was annoying in heavy traffic. The sunroof is not really usable at out-of-town speeds because of wind buffeting. However, with air-conditioning standard, it is hardly necessary.

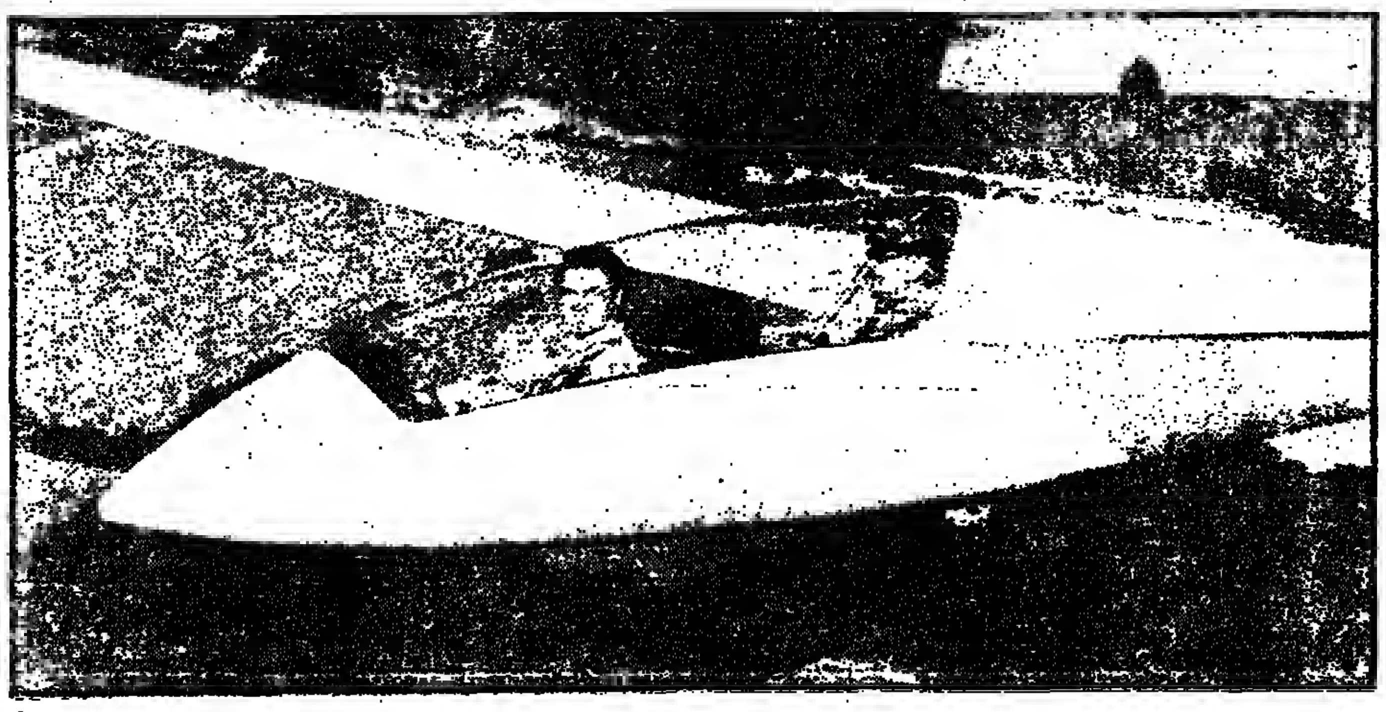
The only way one can appreciate the enormous reserves of handling and cornering of a car like the BMW or Lamborghini is to try it on a circuit. I was able to do so with the BMW at Jarama race track, Madrid.

It was so easy to throw around, at speeds one could not possibly use on public roads, that it flattered my skill as a driver. One can pay a lot more than £33,160 for cars with a little more theoretical performance but much less comfort, refinement and utility. Truly, the BMW M635CSi is among the most civilised of supercars.

Stuart Marshall

• DIVERSIONS •

Starting from scratch: gliding



William Dawkins takes the front seat in a glider

Up, up and away in the thermals

GLIDING, thank goodness, has come a long way since its invention in 1853 by Sir George Cayley, an eccentric entrepreneur.

Cayley, who included the spoked bicycle wheel among his innovations, persuaded his coachman to fly in an unpowered wood and canvas coutraption across a Yorkshire dale. The coachman arrived safely but found the adventure so horrifying — or so the story goes — that he resigned his position just as soon as he could get to his feet.

Today, all the would-be gliding enthusiast needs to get started in this exhilarating sport is a strong stomach and access to one of the UK's 97 gliding clubs.

The largest, with 800 members, is Lasham Gliding Society near Alton, Hampshire, site of the recent GEC Avionics National Gliding Championships, where I tried my hand at the sport for the first time on a cloudy day late in June. There are two ways of getting off the ground: the glider is either towed on the end of a long wire behind a truck or dragged into the skies behind a powered light aircraft.

Derek Piggott, Lasham's chief flying instructor and the UK's leading stunt pilot, chose a powered aero-tow for my first flight. We used a Janus two-seater, a sophisticated German-made glass and carbon fibre craft with a wingspan as broad as that of a small airliner.

The first lesson for an aspiring glider pilot—or passenger, for that matter—is how to put on a parachute, use it safely and jump free of the glider in the air. Should disaster strike, Piggott explained with chilling calm, the trick is to ensure that the cockpit canopy has been released from its hinges before you leap. Otherwise, one could get into a frightful tangle on the way down. . . .

My confidence withered further on squeezing into the tiny cockpit, only to find that the parachute had somehow unbuckled itself in the process. Would it do the same if I had to squeeze out again in mid-air. The chances of having to bail out are, however, remote. The entire British gliding movement (with 10,000 members) sees just one emergency jump a year on average.

Piggott released the line at about 1,200 ft and put the Janus into a slow turn, revealing a splendid view of scattered villages and fields chequered with sunlight breaking through the clouds. To my surprise, the glider proved to be far from silent. One of its most important instruments — the variometer — makes a continuous bleeping sound, varying in pitch according to whether you are rising or descending. Switch that off, and there is the audible rush of air passing over the wings.

The key to staying airborne on overcast days is to steer beneath really thick clouds, which mark areas where warm air is drifting upwards and condensing. In better weather, sunlit fields or towns produce good thermals, though a glider pilot's idea of bliss is to fly over burning stubble. The rising heat sends the aircraft spinning skywards in a turmoil of smoke and straw ash.

Today, however, we had to be content with soaring under clouds; and, sure enough, the glider nudged gently upwards as Piggott steered under an angry-looking grey patch. I took the control stick as he attempted to teach me how to make a turn, and got an alarming sensation of drifting backwards as I peered down one wing pointing over Lasham church.

Turning in wide circles is the only way to gain height. That can make the passenger or pupil feel—as I did—rather queasy, though people usually get over airsickness after a few flights. Many gliding instructors sensibly keep a stock of plastic bags handy for first-timers.

Constant turns can also make it all too easy to loose your sense of direction and suddenly find yourself too far from an aerodrome to avoid landing in a field. Field landings, are, however, all part of the game. Lasham even holds regular drinks parties for local farmers who have discovered its members stranded in their spring barley.

Our landing was, mercifully, less eventful, a graceful swoop over trees fringing the airfield to trundle to a halt over the grass.

Gliding costs

GLIDING is not cheap, but neither is it the exclusive preserve of rich playboys.

The main expense, as in many sports, is in getting started. Thereafter, an experienced pilot should be able to get in a day's gliding for no more than the cost of an evening at the theatre.

Phil Phillips, the general manager at Lasham, estimates that a novice of average ability should be able to learn to fly solo after two five-day courses, costing a rough total of £400.

A five-day course at Lasham costs between £195 and £235, depending on the time of the year. That includes food and board, typically about 17 launches, flying fees and lectures. If you are unsure whether you are keen enough on gliding to spend that much all at once, single flights are available for £12.

Lasham also lays on two-day "Try Gliding" courses, which cost on average £30 to £40 depending on how much flying you can squeeze in. Participants on the two-day trials get reductions for the longer courses, and all pupils get reduced membership.

Full membership of Lasham, which entitles you to use any club in the UK for a nominal extra fee, costs £49 plus an annual £98 subscription. Launches (between £2.70 and £9) and glider hire (between 19p and 23p per minute) come on top of that.

If you get reasonably proficient, you could save flying fees by buying your own glider. Most people cannot afford one on their own, and tend to form syndicates. A medium-performance, second-hand machine costs £6,000, rising to £40,000 for a Nimbus 3, the Rolls-Royce of gliders.

If the costs sound off-putting, it is worth bearing in mind that gliders often increase in value because of their rarity.

Lasham's training and hire charges are relatively high because it has a wider range of facilities than most clubs. Details of one near you can be obtained from the British Gliding Association, Kimberley House, Vaughan Way, Leicester. Telephone 0533 531051.

William Dawkins

Antiquarian books

Vice at tuppence a go

WHEN 19th century moralists warned against the evil effects of novel reading, they usually meant the Minerva Press. The circulating library and bookshop in the City of London's Leadenhall Street, with branches all over the country, was one of the most potent influences on public taste for 50 years before 1820. A statue of Minerva Goddess of Wisdom, stood above the front door; but, as Thomas Love Peacock remarked, the books were expurgated of all the higher qualities of mind.

For an annual fee of five guineas, a subscriber to the library could take out 24 volumes in town or 36 in the country. But you could borrow overnight for twopence a book without deposit if your credit was good, and for the replacement value if it was not. William Lane, who grew rich on his novel enterprise, seems never to have imposed a deadline for returning the books, but there was no need. Minerva books, as one reviewer declared in 1788, were drugs for killing time. The country ladies who provided the main market wanted their fixes quick and often, and had no wish to have their books lying about at home to be sneered at.

But if many people were snooty about Minerva, they still read the books. Lane knew his market. The unusually small size of each volume allowed it to be slipped into your pocket or hidden among the folds of your dress if you were interrupted by a visitor while indulging in the vice in a public room.

There were only two formulae, romance in high life and germanic gothic thrillers. Both were sure-fire favourites. Lane supported a huge industry of sub-literary workers, mainly women, to churn them out at low wages. The manuscript and copyright of a satisfactory whole novel normally fetched only £5-£20; but there were always ladies ready to see their stories printed without payment, and distressed gentlewomen who would be forced down to half a guinea a volume.

Fanny Burney was by far the most distinguished of the Minerva's authors, but she soon moved up-market. Elizabeth Helme's *St Clair of the Isles* lingered on in print for nearly 100 years. Names of other authors, with much about the social and cultural background, can be found in Janet Todd's recently published *Dictionary of British and American Women Writers 1660-1800*, as well as in Dorothy Blakey's full study of the Minerva Press published by the Bibliographical Society in 1939. But about a third of the books were written under false names or by "A Lady," and there was consternation among the leisured classes when it was rumoured that the Government intended to forbid pseudonymity by law.

Minerva books now fetch high prices. They were seldom bought at the time and, if they were, they were not usually bound. Copies from the libraries were read until they fell to pieces and then were thrown away without regret. Some once-famous works are as irretrievable as the lost plays of Sophocles. All are now quite rare: thus, I was glad to find one the other day which had a page damaged and was priced very cheap. *The Necromancer, or a Tale of the Black Forest founded on fact*, published in 1794, is not a bad example of the gothic novel. In fact, when I did by research, I discovered that I could not have found a better.

Lovers of Jane Austen will recall the encounter in the Pump Room at the beginning of *Northanger Abbey*, when Catherine Morland is recommended seven titles vouched for as being suitably horrid. Most of *Northanger Abbey* is devoted to the effects on female character of reading such works. The seven are *Castle of Wolfenbach, Clermont, Mysterious Warnings, Necromancer of the Black Forest, Midnight Bell, Orphan of the Rhine*, and *Horrid Mysteries*, and for many years it was assumed that Jane Austen had made them up.

In fact, they all are genuine Minerva Press titles; and, when this was realised, scholars searched for many years before copies were located. A copy of *The Necromancer* was found in 1913, but it was not until 1968 that all the others were retrieved in various libraries and collections round the world. They were then reprinted by the Folio Society under the ambiguous title *The Northanger Set of Jane Austen Horrid Novels*.

They are almost unreadable, and it is hard in the days of video nasties to understand what all the indignation was about.

William St Clair

Collecting

Innocent on the eye

A farmer with his family and their prize cow: 19th century English Primitive School

A LOT of the art of selling at auction lies in classification and selection. Getting the best price for goods depends on selling in the right city, the right auction house and the right category of sale.

Dealers and dealer-collectors all have tales of buying items in one auction and then selling them through another firm, or another department in the samehouse, and doubling their investment. It has happened, for instance, that a drawing that commanded little interest in a general picture sale, has proved a star item in the next sale of book illustrations.

Will an 18th century camera obscura do better in a photographic sale or a sale of scientific instruments? A peepshow in a children's books sale or, again among the scientific instruments? A week or so ago I described how collectors of printed panoramas had to hunt in at least three different categories of sale, since the auctioneers have yet to ascribe them to a clear category.

Much of the saleroom's efforts in the prosperous decades has been devoted to profitability herding the goods into new classifications: photographic sales, collectors' sales, sales of bank notes, tools, decorative arts and art nouveau are among the compartively recent additions to the traditional saleroom categories.

On Wednesday Sotheby's broke new ground with the first London sale of "English Naive and Provincial Art." American popular art has long figured in the New York salerooms, but we have always been reluctant to recognise our own folk art traditions.

Perhaps a simple definition of this kind of art is that the technique and vernacular are spontaneous, inspired by the demands of the immediate task, whether it is making a chair or a portrait. The popular artist is neither aided nor restricted by imposed aesthetic rules. Until mediaeval times all English art was "popular."

Even so, popular art lingered on, in defiance of the Renaissance, the Puritans, the "Polite Arts" and the Industrial Revolution, with its expulsion of the indigenous by the universal (to borrow Carrington's elegant phrase). It survives where people want to Do It Themselves: or in fairgrounds, pearlies, punk hairdoes, Punch and Judy and fancy bread (the Easter and Christmas window displays of Mr Coulson, the baker of Leather Lane, are one of the best small shows of London).

The paintings in Sotheby's sale this week — the majority from the 19th century — indicate the range of themes that have inspired primitive artists. They liked to record the familiar —their homes, children, pets, sports and domestic incidents like a mouse in the larder.

They were also stirred by the unusual, however: the balloon-like pigs and cows that starred at 19th century agricultural shows (and, in one case, a revered gentlemen who matched the pigs in girth) or a naval review. The prize item in Wednesday's sale was a panorama of a Spithead Review at the time of Nelson. Seamen would record the places they saw, or the dramas of a whale hunt; and would while away the time of the voyage carving scrimshaw or decorating their pine clothes chests.

From the point of view of the auction market, it is significant to note the miscellanea for which Sotheby's have now found an apparently approprite home. The sale included country furniture, scrimshaw work, straw-work, embroidery, inn-signs, fairground gallopers and children's toys.

From the earliest time earthenware provided one of the popular art in England, and a collection of 18th and 19th century slipware showed the medieval tradition continuing in the era of Wedgwood. Other kinds of ceramic that look uncomfortable in sales of fine pottery and porcelain also seemed at home here— the more florid type of lustre ware, and late Victorian "barge-ware" (aka "Long-boat" or "Measham" ware), with flowers applied and affectionate messages embossed on high-glazed chocolate-coloured clay.

Victorian theatrical tinsel portraits, out of fashion with stylish decorators for 40 years, also seem likely to come into their own again in this context. The most authentic examples of naive art however were an outstanding collection of toys made in hone by Napoleonic prisoners-of-war at Norman Cross near Peterborough, between 1986 and 1816. The greatest rarity among them was a foot-high model ofthe camp block house.

One problem for collectors of naive art is that, of its nature, it proved, in practically all its forms, more amendable to faking than more sophisticated forms of art. Reproduction Victorian Staffordshire is getting better and hard to pick out, though modern barge-ware is generally a poor imitation. Possibly 90 per cent of the scrimshaw encountered in markets is fake. There is a busy tourist market also in newly made "Victorian" primitive paintings; and even quite reputable furniture shops sell seamen's chests and barge-decorated furniture made last week in Fulham. As in all areas of antiques, the only protection is study and knowledge.

Janet Marsh

Gardening

A WEEK spent in Normandy looking at gardens has convinced me of the indispensability of *Private Gardens of France* to anyone embarking on any such journey in France.

When I first saw this sumptuous book last year I thought that, at £30, it was excessively expensive. I now realise that there is nothing else like it, no book that gives such detailed and sympathetic accounts of 32 of France's most beautiful gardens, nor any that illustrates them so superbly.

Where else could I have discovered that the charming little allée of gold, green and blue-grey conifers in Yul Brynner's garden at the Manoir de Criqueboeuf was inspired by Gertrude Jekyll's enclosed walk at Pyrford Court in Surrey? Or again, at the romantic Château de Canon, where but in this book would I have discovered the explanation of the name "Les Chartreuses," applied to a series of small enclosures linked by central arched openings. There are six in all, each a little higher than the last so that, when you reach the end and turn to look back, the little white marble statue of Pomona near the entrance appears to have grown to life-size, and to be far more distant than you had supposed. Why "Les Chartreuse?" Originally these little walled rectangles, now filled with flowers, were planted with fruit trees, most of which came, in the 18th century, from the Chartreuse convent near the Luxemburg Gardens in Paris.

That explanation is given by Anita Pereire and Gabrielle van Zuylen, joint authors of *The Private Gardens of France*. I believe them implicitly, because all their research seems to have been done with so much care. The book is published by Weidenfeld and Nicolson; numerous illustrations in colour and monochrome are from photographs by Robert César.

What a pity that Collins did not exercise similar munificence in production of *Collins' Book of British Gardens*. It is an exceptionally comprehensive guide to our own gardens and its author, George Plumptre, has visited all 200 of them. The accounts given are both excellent and individual, not just repetitions of what appears in the local guide books. But by comparison with the French one this is a stolid, chunky book, handy to put in the car locker but deserving of more than its four widely spaced groups of not very inspired black-and-white photographs. £8.95 is reasonable; no doubt the absence of colour was to keep the price down; but with such good manuscript I feel that greater boldness in presentation would have paid off handsomely.

The two chief garden-opening organisations in Britain are to join forces. The older of the two, The National Gardens Scheme, is to take over the younger, Gardener's Sunday, next year. This should be a convenience to all those garden owners who already open for both charities; in future they will only have to cope with one lot of correspondence, which should result in substantial savings in administration, leaving more profit for the charities that benefit. The only danger would seem to be if some people were to interpret the amalgamation as a signal of a decreasing need for money. Precisely the opposite is true: both these organisations are attempting to meet increasing demands.

Gardener's Sunday has always been exclusively concerned with the two gardening charities, The Gardeners' Royal Benevolent Society and The Royal Gardener's Orphan Fund. For many years the former has provided pensions and "Good Samaritan" assistance to elderly gardeners, their wives and widows; it also runs a well-equipped home for gardeners at Henfield in Sussex. Recently it has added a fine new block of flats, purpose-built to provide sheltered accommodation for those who are able to look after themselves but may need occasional help or supervision.

The Royal Gardener's Orphan Fund, which in the past has restricted its aid to the children of gardeners who have lost at least one parent, has also recently extended its brief to enable it to help disabled children of gardeners, a need which was not previously covered.

The National Gardens Scheme, traditionally concerned with District Nurses, has been steadily widening its horizons to take in The National Trust, numerous charities nominated by the garden openers and, most recently, the training, under the auspices of The National Society for Cancer Relief, of Macmillan Nurses in the care of the terminally ill.

In addition to all this charitable work, garden opening gives immense pleasure to hundreds of thousands of garden visitors, and a great deal of gratification to garden owners hearing the admiring comments of visitors. There is nothing quite on this scale of this character anywhere else in the world, and we can be justly proud of it.

Arthur Hellyer

BRIDGE

TWO HANDS, both from rubber bridge, were misplayed by the declarers. One was a small slam, the other a grand slam, so the mistakes were very costly. Here is the first, dealt by South with both sides vulnerable:

N
♠ 10 4 3
♥ A Q 5
♦ K 10 9
♣ Q J 9 8

W
♠ K Q 7
♥ J 10 9 4
♦ 9 5
♣ 7 6 5 2

E
♠ 8 6 2
♥ K 8 7 3 2
♦ 6 4 3 2
♣ 4

S
♠ A J 9 5
♥ 6
♦ A Q J 7
♣ A K 10 3

South bid one diamond—it is to begin with the suit below the singleton—and North replied with two no trumps. The opener rebid three spades, and North said three no trumps. South felt sure there was a slam, provided a fit could be found, and he now tried four clubs, North raised to five clubs, and South bid the small slam.

West led the heart Knave, taken by dummy's Ace, and two rounds of trumps were drawn with Ace and eight, East showing out on the second round. The spade ten was returned and lost to the Queen. West shrewdly returned a trump, dummy's Knave won, and a spade was returned for a finesse of the Knave. West had the King, and the slam was lost.

South's line of play had a 75 per cent chance, but there was a far better line at his disposal—a dummy reversal. At trick two he should ruff a heart with the club Ace, return the ruff the last heart with his club King. The club ten is overtaken by the Knave, and dummy draws the last two trumps with Queen and nine, while the declarer "discards" two spades from hand. He cashes the diamonds and the Ace of spades, and concedes a spade at the end. The slam is delivered.

The first declarer's play was reasonable, but the declarer in the next hand adopted a most inferior line:

N
♠ A K J 9 4 2
♥ A
♦ Q 10 9 8
♣ A 2

W
♠ 6 3
♥ K Q 10 3
♦ 6 5 4 2
♣ Q 9 5

E
♠ Q 10 8 7
♥ 9 6 5 2
♦ —
♣ 10 8 7 4 3

S
♠ 5
♥ J 8 7 4
♦ A K J 7 3

South opened the bidding at game all with one diamond, North said two spades, and after South's rebid of three diamonds said five no trumps—the grand slam force, asking partner to bid seven diamonds, if he holds two of the three top honours. South duly bid seven, and West led the heart King.

Winning with dummy's Ace, the declarer decided to ruff hearts on the table. Entry problems made it impossible three hearts, and two ruffs would yield only 12 tricks without resorting to a finesse in one black suit. South found himself forced to try the spade finesse, and over 2,000 points flew out of the window.

The spade suit must be developed. At trick two the Ace is cashed, and the two ruffed in hand with the diamond Ace. Crossing to the diamond eight, declarer ruffs another spade high. Both opponents follow, so the remaining spades are good. Trumps are drawn, and South claims 13 tricks.

E.P.C. Cotter

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· D I V E R S I O N S ·

Bikinis — all year round

James Ferguson

FOR MOST of us it doesn't seem unreasonable to go shopping for a bikini or a pair of sandals in July or August—when the sun is high and we're about to set off on holiday. But in the shops summer began way back in February and any moment now the shelves will be filling up with "winter woollies.

So where does the last-minute spontaneous shopper gn if she's left it all until she felt like it? In the cruise sections nf the up-market department stores the sun is always shining but nothing there is ever a hargain and the designs tend to cater for those of staid tastes and fet purses.

Then there is One of Gillie's, a mail order company operating in Cowbridge, South Glamorgan, Wales. One of Gillie's first came to my attentinn because it was the first company I'd come across thet approached selling bikinis in a sensible way—that is, they sell tops and bottoms in different sizes. As Gillie Williams, who runs the company puts it, "If you bave a reeder with a bust like Dolly Parton's, hips like Mick Jagger's and a hnrning desire for a silk bikini which she can buy in December, send her to us."

Gillia believes in giving her eustomers what they want wben they want it—not in selling garments in sizes that suit the manufacturer or the retailer and not at times that are convenient only to the shop.

Until Gillie came along the customer with the Parton bust and Jagger hips had either to buy two bikinis in two different sizes or else rely on having e friend with a chest like Twiggy'a and a bottom like Barbar the elephant so they could organise a swap.

The bikinis are made in cotton or pure silk and in sizes ranging from 8 to 20 and, just as marvellous, all the bikinis (and everything else One of Gillie's sells for that matter) can be nrdered all year round.

Bikinis this year come in the currently fashienable shapes—the new very high-cut leg and high-waist bottoms, the ordinary very brief bikini and the design with bandeau top that ties like a scarf at the hack, which can also be worn as a halterneck. You can mix and match tha styles as well as the sizes.

If you still haven't bought the rest of your holiday wardrobe yon can also hny from One nf Gillie's *a khanga for knotting* round the waist and giving modest coveraga when walking to and from tha beach, shorts, T-shirts, vest tops, straight skirts and other simple but fashionable items.

Prices are very reasonable with hikinis costing from £9.50 in cotton and from £17 in silk. One of Gillie's will happily exchange and go on exchanging until the customer is properly fitted. Fabrics are attractive—ranging from candy-sweet pink and white gingham to sophisticated soft navy and dark greys. For a brochure send a first class stamp and your name and address to One of Gillie's. Llantrithyd, Cowbridge, South Glamorgan, Wales, CF7 7UB.

HOW TO SPEND IT

Lucia van der Post

Pictures to order

THOMASINA BECK makes pictures thet are something of a cross between a very fine watercolour and an intricate piece of embroidery. Both needlework or embroidery pictures and watercolours have a long and honourable history as an art form and anybody interested in seeing or huying *a highly sophisticated combina*tion of the two sbould meke a point of seeing Thomasina Beck's exhibition now on at the Oxford Gallery, 23, High Street, Oxford.

She starts by painting in watercolours on silk and this she often does abroad as many of ber pictures feature landscapes seen in either Italy or Greece. However, she is also a passionate and accomplished gardener and many of ber pictures feature flowers, gardens or rather gentle still-lifes and interiors.

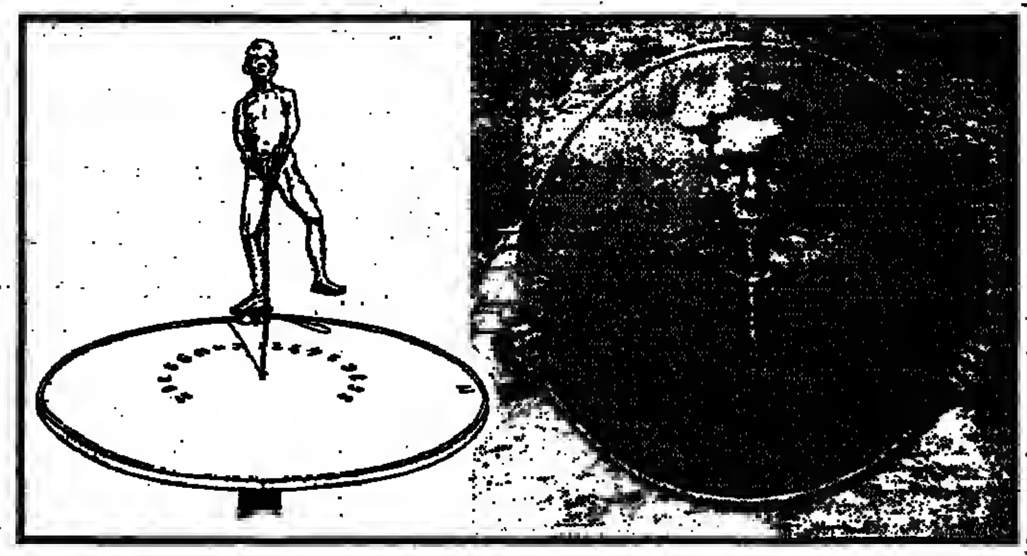
When she bas painted the picture she uses coloured silks to embroider those features, like rows of vines or ollve trees, sbe wishes to emphasise. The results are without exception extremely charming.

Besides the pictures which ere actually on show (and available to buy et prices starting at £100 and going on up to £400) Thomasina also provides pictures to nrder nf gardens, houses, people, dogs or whatever else customers want.

To date she has dona the newly restored Capability Brown garden of a lovely house on tha Solent and included an embroidery portrait of the owner's wife and children in the picture as well but ber main speciality is in houses and gardens.

All the frames are also mada by Thomasina Beck herself, using decorated monnts and stained nr band-painted frames.

The exhibition is on at the Oxford Gallery until July 31 (open every day except Sundays from 10 am to 5 pm] but after that she cao be cootacted, and commissiona ordered, at 47 Lansdowne Gardens, London SW8. You sbould ring first to make an appointment on 01-720 2846.



Buy a sundial, get a sculpture

AS GRANDEUR seems to be this year's mood in gardens, *however tiny, perbaps a sundial* would not come amiss. Most garden centres sell mass-*produced sundials of one sort* or another but thnse who are looking for something special might like to consider the work of Andre Wallace.

He is a sculptor who has produced a series of three highly original designs, all nf which are being manufactured on a commercial scale. Photographed here is The Clown, which should be mounted vertically on a sonth facing wall and costs £160. Shown sketched is The Roller Skater, which can be put in any sunlit position and costs £180. Also in the series is The Acrobat which also needs to be fixed vertically on a south fecing wall and features an acrobat balancing on a fine ledge (this is £180).

All are hand-made in cold-cast bronze resin and have stainless steel and brass fittings and are, needless to say, completely weetherproof. They are all working sundials but also donble as garden sculpture.

Andre Wallace is also happy *to undertake special commis*sions to produce one-off sundials for those who want something completely original and unique. Contact him and buy the sundials through Sundials, 5, Elm Grove, Tunton, Somerset, TA1 1EG.

Otto: desirable and useful, too

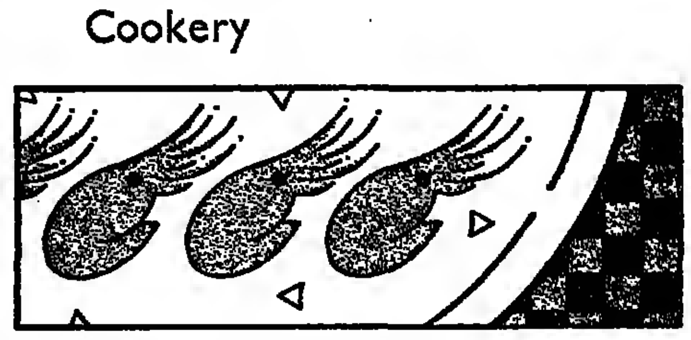
THIS streamlined piece of Italian design goes by the name of Otto, has been designed by Alessandro Zuliani for La Friulana and comes in white or red thermoplastic. But what, I bear you ask, is it? It is a simple, everyday object — a lavatory brush — but designed with such style and panache thet it turns this utilitarian necessity into an extremely desirable product. Besides looking so good, it's also inexpensive. At £5.95 it must be the best-looking lavatory brush eround. Buy it at John Lewis Partnership stores from the bathroom fittings departments. Those who don't have easy access to one nf the stores can buy it by mail for £1.70 extra — mark your envelope Post Orders.

●

Sport lovers who want help with timing their runs, laps or lengths might like to know of Timex Triathlon watch. At just £29.95 it is made from robost black resin, hoasts an eight-lap memory, an hourly chime and a three mode count-down timer.

Cookery

Making the best of salad days



EVERY CLOUD has its silver lining. An exceptionally wet June has left strewberries sadly anaemic but salad vegetables bave responded magnificently to the coplous waterings nature has bestowed nn them. They are deliciously green, tender and delicately flavoured this year.

The salad bowl is their obvious destination but this is only one solntion. If the weather fails to be suitably summery other treatments seem more alluring.

Cucumber can be cut into matchstick strips and stir-fried. Fennel can be parboiled, split in half, brushed with olive oil, sprinkled with Parmesan and grilled. Both these vegetables, and lettuce too, are excellent simply braised with a generous annointing of butter and the merest sprinkling of lemon, vermouth or rich stock. Prepared in these ways salad vegetables make welcome accompaniments to such things as grilled lamb cutlets, poultry and fish.

SUFFOLK SHRIMP WITH LETTUCE

This makes a lovely light supper dish for three-four people and it is one of those useful recipes which take only e few minutes to prepare and cook.

1 large Webbs, Cos or Iceberg lettuce; 1 lb fresh prawns (peeled weight); 1 oz unsalted butter; 1 garlic clove; ½ pt dnnble cream nr creamy Greek yngburt; salt and freshly ground black pepper.

Shred the lettuce. Crush the garlic and stir it into the cream together with plenty of salt and pepper. Choose e very large pan (I use a Le Creuset buffet casserola) and thoroughly beat it. Add the butter cnt into dice. When the butter foam dies down, shake the pan to film the entire hase of the pan with fat. Add the lettuce and stir and turn lt over very high beat for a few seconds until it glistens all over with fat.

Quickly tip into the pan first the seasoned cream, then the prawns, and stir-fry over medium heat for 2-3 minntes until the ingredients are thoronghly hot. Serve straight away on very bot plates with plenty of warm crusty Frencb bread to mop up the delicious lettuce juice end cream sauce.

CUCUMBER MOUSSE WITH HERBS AND PRAWNS

This is my mother's recipe, fresb-tasting and not too rich. A quintessentially English dish, it makes a very pretty first course or can be served as a lunch dish with watercress and tiny new potatoes *steamed in* their skins. Serves 6 or more.

1 large cucumber; 6 oz soft cheese (I nse Sbape low fat soft cheese); ½ pt chicken stock; ¼ pt whipping cream; fresh chives end dill; salt, pepper, caster sugar and tarragon vinegar; gelatine powder; et least ½ lb fresb prawns (peeled weigbt).

Peel the cucumber, balve it and scoop out the seeds. Cut the flesh into small dice and pnt it into e bowl. Add 1 teaspoon each salt and sugar and 1 tablespoon vinegar. Toss ligbtly, cover and set aside for at least 30 mins to draw nut soma of the cucumber juices.

Sprinkle one slightly rounded tablespoon gelatine powder onto three tablespoons cold water. Leave for five minutes, then beat in the hot stock to dissolve the gelatine to a clear liquid. Slowly and carefully heat the liquid into the soft cheese. Continue beating until the mixture is perfectly creamy and smooth, then set it aside until completely cold.

Drain the juices from the cucumber. Mix the diced flesh with about three tablespoons each chopped fresh dill and chives. Add plenty of salt and peppar, a tablespoon nf vinegar end a teaspoon or so of sugar. Gently stir the cucumber mixture into the cold cheesa mixture. Check and adjust seasoning to taste, bearing in mind that the cream will mute flavonrs a little.

Whip the cream to soft peaks and fold it in. Spoon the mixture into e 1½-2 pint ring mould which has been rinsed out with cold water. Cover and chill nntil set. Unmould shortly beforo serving and fill the centre nf the ring generously with good fresb prawns.

CHICKEN AND FENNEL CONSOMME

The success of this fragrant soup depends on using e richly flavoured, satiny textured home-made stock. Slivers of poached chicken breast can be added to make a more substantial soup if wished. Serves 5-6.

Abont 1½ lb Florentine fennel; generous 2 pint chicken stock; 3 egg yolks; 1 lemon; salt and pepper.

Trim tough stalks and roots from the fennel, then scrape the bulbs with a potato peeler to remove any fibrous threads from the flesh. Cut the fennel into slivers and reserve about one quarter for garnishing the soup.

Put the rest of the fennel into e pan. Add the stock, cover and simmer very gently for half an bnur or so. Set the covered pan aside until the contents are completely cold. Then strain the liquid through a fine sieve, pressing the fennel with a wooden spoon to extract every drop of its flavour.

Shortly before serving, reheat the broth. Add the reserved slivers of fennel, cover and simmer gently until just tender. Meanwhile beat the egg yolks in a cup until creamy. Gradually heat in 5 teaspoons lemon juice, then a small ladleful of the bnt (but nnt boiling) broth.

Pour the contents of the cup into the pan, stirring the hroth all the time as you pour. Cook gently, stirring continuously, for 1-2 minutes to heat the soup through but nn no account let it boil. Cover the pan and let it stand on one side fnr 3-4 m inutes before tasting to check seasoning, and serving. Tha lemony flavour should be delicate, not acidly sharp like avgolemono.

Philippa Davenport

Wine

Why Champagne isn't bubbling

ONE IS inclined to discount reports of natural disasters put ebout by farmers, including wine growers. Stories that a whole area has been decimated by hail usually diminish to severe damage to a couple of villages. When, at the end of May, alarmist stories appeared in the press about very serious winter frost damage in Champagne, many may have thought that these were probably exaggerated. Having been recently to Champagne, and seen lines of dead vines and others that will not produce a reasonable crop this year or next, I can confirm that this time at least the damage has not been over-estimated.

It started in mid-January, when temperatures fell by anything from minus 15-18 Centigrade to minus 25-30 Centigrade. The extremities of vina plants were hit worst: at the ends of branches which would have produced the grapes during the next season. However, the base of the vines were lergely protected by snow.

The worst damage occurred on April 28-29. The temperature drop was much less than in Jannary, but the sap had risen, and the bnds were shortly to break. Damage was devastating. Of course effects were variable; the Pinot Noir grape seems to have been hit worse than tha Pinot Meunier or the white Chardonnay.

The damage was worst in the far-distant Anbe, a Pinot-Noir district where some of the leeding *grand marque* champagne bouses now have considerable vineyards. 70 per cent of 4,500 ha of vineyards were severely struck by frost, and 1,000 ba of vines killed. Moet and Chandon, with a comparatively small bolding there of 20 ha, will have to pull up four or five of them.

Some of the leading communes of the Montagne de Reims were also beevily hit, *including Mailly and* Verzenay. There were rows of dead vines in Ay, too, and in the Marne Valley. Elsewhere, in vineyards that looked green and bealthy vegetation was in fact shoots springing up from above the graft, below which are the phylloxera-resistant American root stocks. These may produce adequately next year. But 2,000-2,500 ha of tha 25,500 ha vineyard have been killed, and have to be replanted, at a cost of between FFr 100,000 and FFr 200,000 per ha.

The results, for the coming vintage are predicted as a half-crop: 4,500 kilos of grapes per bectare, instead of an average 9,000 kilos. In the short term this is not too had; there is a "blocked" stock of surplus wine from the huge 1983 vintage; too much, then, to be permitted the champagne *appellation contrôlée*. This surplus still wine, put intn reserve in the growers' and merchants' cellars, is the equivalent of 75m bottles.

Last year's total champagne sales amounted to 188m bottles; an nptimistic estimate of the 1985 vintage is 100m bottles, though it may be no more than 90m. Sales are rising—about 25 per cent higher on the export market, though over 5 per cent lower within France. For the wbnle year, they could reach 200m bottles. The deficit will be widened by the need to keep some of the "blocked" wine, probably released early next year, as a reserve wine.

There is, bowever, no shortage of champegne at present. There are 665m bottles in merchants' cellars: well above the basic three-years' supply required for champagne to maintain its special quality. The problem will be in 1986, and perhaps for several years ahead.

The latest official estimate is of damage to 8,000 ha in the wbole of Champagne: nearly *one-third* of the total, although another 500 ha of newly planted vineyards will come into production next year.

Meanwhile, what is the prospect for champagne drinkers? For quality, there is no foreseeable concern—although if there is a succession of small vintages to balance sales, the "three-year rule" for maturing non-vintage champagne may be breached by some firms and by growers wbo make and market their own champagne. (Vintage champagne bas tn be a minimum three years old).

Champagne prices may rise on the French market, but they are unlikely to do so in Britain at least until after the results of the vintage are known; and probably not until the beginning of next year. Tben, certainly, they must, for the price of grapes, fixed ahout a week before the vintage starts, is hound to rise.

Last year it was 18.07 FFr a kilo for top quality grapes from villages *on* the Montagne de Reims and the Côte des Blancs. This year it is sure to exceed 20 FFr and estimates vary between 22-24 FFr a kilo. It takes 1.15 kilos nf grapes to produce a bottla of champagne. From villages with rather lower quality rating, this means that the "raw material" would cost no less than the equivalent of 20 FFr a bottle.

The champagne bouses, who prize export markets ebove the bome one—the former accounts for one-third of total champagne sales—have nnt forgotten the drop in sales ahroad following inevitable price increases over 1980 to 1982. They will raise their prices cautiously: perhaps by around ten per cent. The UK Govarnment has a habit of increasing every year the duty on sparkling wines. In a year's time champagne may look altogether more expensive than it does now.

Edmund Penning-Rowsell

CHESS

EVER SINCE Bobby Fischer abandoned the game, international chess has suffered through the absence of a truly realistic Western-born challenger to Rusisan dominance. Korchnoi in his matches with Karpov technically represented Switzerland but his image was 90 per cent Soviet defector. At various times grandmasters such as Miles of Britain, Seirawan of the U.S. or Hubner of West Germany have looked likely to fill the credibility gap, *but they could not sustain brief* periods of world class form. Now there is a serious danger that the Soviet duo Kasparov-Karpov will dominate top events for the rest of the 1980s.

In this context the runaway victory of Jan Timman of Holland in last month's Mexico interzonal could be significant. Timman has always been near the top of the world ratings and on the latest FIDE list ranks joint third with Belyavsky (USSR) behind the two Ks. He won Mexico with an imposing 12 out of 15, followed by Nogueiras (Cuba) 10½, Tal (USSSR) 10, Spraggett (Canada) 9, Speelman (England) 8.

Dntch officials have groomed Timman as the natural successor to Dr Euwe, wbo won the world title in the 1930s and made chess widely popular throughout Holland.

Some leading chessplayers rely largely on intuition, positional sense and ability to reach endgames wbere problems of calculation are on a smaller scale. Veteran ex-world champion Smyslov is a leading practitioner of this school and attribntes his success to vague phrases like "harmony of the pieces." Timman belongs to a more intellectually rigorous group wbere the empbasis is on precision, prepared opening systems and a constant search for objective truth. In his fine book *The Art of Chess Analysis* be probes complex games in depth to find decisive turning-points: while in this week's game he takes on a world class rival in a tactical opening and forces resignation only six moves out of the book.

White: J. Timman (Holland). Black: L. Ljubojevic (Yugo*slavia*).

Opening: Sicilian Defence, Poisoned Pawn (Linares 1985).

1 P-K4, P-B4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-QR3; 6 B-KN5, P-K3; 7 P-B4, Q-N3; 8 Q-Q2, QxP; 9 R-QN1.

Spassky v Fischer, 1972 match, continued 9 N-N3, hut it is prefersble to keep the QN file free for White's rook.

9 . . . Q-R6; 10 B-K2, B-K2; 11 O-O, QN-Q2; 12 P-K5, PxP; 13 PxP, NxP; 14 BxN, BxB?

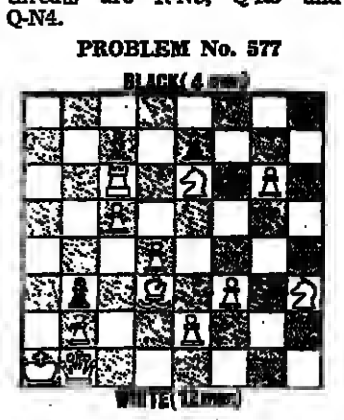
White's pawn sacrifice was tried several times in 1983 events, when 14 . . . PxB; 15 N-K4, P-B4 seemed playable for Black. Timman surely bad an improvement ready, but Black's divergence is worse.

15 RxB! PxR; 16 N-K4, N-Q2 (better Q-K2 wben White continues 17 R-N6); 17 R-B3! QxP.

Capturing the proverblal poisoned pawn is fatal, but the apparently safe Q-K2 fails to 18 N-B6! PxN; 19 N-Q6 ch, K-Q1 (K-B1; 20 Q-R6 ch and 21 R-N3 mate); 20 Q-R5 ch, regaining the knight with a decisive attack.

18 N-Q6 ch, K-B1 (or K-K2; 19 Q-N4); 19 Q-B3, K-N2; 20 N(4)-B5 ch! PxN; 21 NxP ch, K-N3 (if K-B1; 22 Q-N4 ch); 22 Q-R3! Resigns. Winning mate threats are R-N3, Q-R5 and Q-N4.

PROBLEM No. 577



White mates in three moves, egainst any defence (by F. Giegold).

Solution, Page XIV

Leonard Barden

• BOOKS •

Towards a life of Gromyko

BREAKING WITH MOSCOW
by Arkady N. Shevchenko.
Jonathan Cape £9.95. 378 pages

THERE ARE all sorts of stories about this book, which is now a best seller in America. Arkady Shevchenko was personal adviser to Andrei Gromyko, the Soviet Foreign Minister. He became an Under Secretary General at the United Nations and subsequently defected to the U.S., although not without agreeing to do a bit of spying for the Americans first. He is possibly the highest ranking official from the Soviet foreign ministry to have defected in this way.

Forget about the espionage, however. It is highly likely that a book like this would have been laundered, even tarted up to make it more like a thriller. That is irrelevant. The part that matters is the book within the book: pages 53 to 326, separately entitled "*The Education of a Soviet Diplomat*". It is hard to imagine a more riveting and convincing inside account of how the Soviet foreign policy machine works, and of a great deal else about the Soviet machinery of government besides.

The book can be read on several levels. It could be notes for a biography of Gromyko, recently named Soviet President after being the longest serving foreign minister in the postwar world. "Grom," as he is apparently nicknamed after the Russian word for thunder, comes out as a great man, possibly rather greater than the author realises.

His loyalty to the Soviet Union has been absolute, but like the statesmen of the past his taste was for *Realpolitik*. He did not come up through the party hierarchy. He was suspicious of the KGB, was sometimes not on speaking terms with the defence minister, but in the end, Shevchenko notes, himself became a Soviet institution, possessing huge power.

Some of the evidence is highly anecdotal. For instance, the author quotes Gromyko's daughter, Emilia, as saying: "My father lives in the skies. For 25 years he has not set foot on the streets of Moscow. All he sees is the view from the car window."

The foreign minister had his own ideas of where power lies. He never visited any black African country and went nowhere in Latin America except Cuba, which was obligatory. "Why do I need to go and what am I going to discuss?" he would say. "Nigeria (or some other country) is not a great nation like the U.S."

A separate strand in the book is the Soviet dependence on elites. Shevchenko was a student at the Moscow State Institute of International Relations (MGIMO). Nearly all the bright bureaucrats and budding politicians went there. The competition was between the parents to get them in. The author notes that a large proportion of the currently emerging Soviet leadership is composed of MGIMO graduates and says that they will play an important role in shaping the country's destiny until beyond the end of this century.

Yet it is here that the reader's perceptions may begin to differ from the writer's. Shevchenko claims to have been disillusioned by the elitism, secrecy, absence of pluralism and excess of bureaucracy inherent in the Soviet system. The more one reads his book, however, the more what he is describing becomes dimly, if distantly, recognisable. It is bureaucracy, elitism and conservatism the world over, only in more extreme form.

Here he is, for instance, on the regular Thursday meetings of the Politburo: "The pettiness of some of the questions dealt with at this highest level is hard to believe. Among the matters that regularly occupy Politburo time are lists of Soviet citizens and institutions proposed for various awards and decorations, from small distinctions to the prestigious Lenin Prizes. As another example, the construction of an apartment building for Soviets in New York was the subject of several Politburo discussions."

On the contrary, it is all too easy to believe. Indeed it sounds disconcertingly like our own dear Cabinet. And all those parents trying desperately to get their children into elite institutions are they really utterly different from those who push for the University of Tokyo, the grandes écoles in France or Oxbridge?

My conclusion is that, whatever his motives, Shevchenko's account is mildly encouraging. The Soviet Union is in transition. It has moved on from the drunken scenes that attended Stalin's funeral, the unpredictability of Krushchev, the senility of the later Brezhnev, and the excessive age of his two brief successors, Andropov and Chernenko. Even in the dark days there was always a brighter side: Gromyko going on efficiently at the foreign ministry and even the younger Andropov, one of the few KGB heads whom Gromyko respected, though he always insisted that Andropov came to visit him rather than the other way round.

It is just possible that the younger elite will get the country moving. Certainly there is a good deal of evidence in this book that that is what Gorbachev and their wives (who play a very important role) are trying to do.

Malcolm Rutherford

Fenland palaces of wind

A LITERARY HISTORY OF CAMBRIDGE
by Graham Chainey.
The Pevensey Press, £14.95. 272 pages.

The cover designed by Aubrey Beardsley for "The Cambridge ABC"

"NOWHERE in England outside London is richer in literary associations than Cambridge," Graham Chainey has all the enthusiasm of a transplanted Oxford man. No through-and-through Cantabrigian would press the case. Although many great writers were undergraduates at Cambridge — Spenser, Bacon, Milton, Marvell, Dryden, Coleridge, Wordsworth, Byron, Tennyson — few celebrated the fact.

Often their initial reactions to Cambridge were harsh. "Surely it was of this place, now Cambridge, but formerly known by the name of Babylon, that the prophet spoke when he said, 'the wild beasts of the desert shall dwell there, and their houses shall be full of doleful creatures, and owls shall build there, and satyrs shall dance there; their forts and towers shall be a den for ever, a joy of wild asses . . .'" wrote the undergraduate Thomas Gray to a friend.

"Whatever may be said to the contrary, there is certainly very little debauchery in this university, especially amongst people of fashion, for a man must have the inclinations of a porter to endure it here," opined young Lord Chesterfield from Trinity Hall. "This place is the Devil, or at least his principal residence, they call it the University, but any other appellation would have suited it much better," Byron declared in his first term.

The climate has never been a strong point. "Cambridge is a damp place — the very palace of winds," was Coleridge's quick verdict. Fen weather actually killed some alumni; George Herbert, Laurence Sterne and James Elroy Flecker all died of consumptions apparently contracted at Cambridge.

Nor has the terrain appealed. "The country is so disgustingly level . . ." complained Tennyson after two years at Trinity. Only the perverse John Cowper Powys took to its featurelessness. "Oh how can I express my deep, my indurated, my passionate, my unforgettable, my *eternal* debt to the dull, flat monotonous, tedious unpicturesque Cambridge landscape?" he asked. Not easily, it seems.

Commonly it is only in retrospect that the place is celebrated, and it is usually clear then that youth, not just the university, is being recalled. Wordsworth said his "imagination slept" at Cambridge; he experienced "a strangeness in the mind,/a feeling that I was not for that hour/nor for that place." But his mental return to those days in *The Prelude* — "I was the Dreamer, they the Dream" — is the best of all accounts of Cambridge.

Tennyson returned in person after Arthur Hallam's death. The occasion prompted the great section of In Memoriam in which he gave definitive expression to the experience of finding another name on the door, of feeling "the same, but not the same."

Returns, not writings about undergraduate life, constitute Cambridge's finest literary associations. There is no great "Cambridge novel"—only E. M. Forster and Tom Sharpe against Oxford's Waugh and Beerbohm, plus a few repulsive monuments of smartly concealed self-congratulation such as Rosamund Lehmann's *Dusty Answer* and Andrew Sinclair's *My Friend Judas*. (Simon Gray's *Simple People* benefits from seeing Cambridge through foreign eyes.)

Many of the most simply enthusiastic remarks about Cambridge turn out to have been made by visitors. Henry James went into rhapsodies, Turgenev found it "incredible and subtle." Virginia Woolf fatuously thought the Cambridge sky "lighter, thinner, more sparking than the sky elsewhere."

Graham Chainey's book is thorough and well-illustrated, but a little pedestrian; inferior to CUP's more comprehensive *Cambridge Commemorated* published last year. Somehow he misses the place's essential value to its writers, which was best described by A. E. Housman when he said on arrival: "I find Cambridge an asylum, in more senses than one."

David Sexton

Forged in fire and ice

THE APPRENTICESHIP OF BEATRICE WEBB
by Deborah Epstein Nord.
Macmillan. £25.00. 294 pages.

THE PSYCHIC forces that compel the great are always intriguing, and never more so than when greatness is achieved against the grain of class or sex. This may be one reason why Beatrice Webb, member of the wealthy Potter family, has aroused far more interest than her much more clever and innovative, but lower-middle-class, spouse.

But there is also another reason. Sidney Webb appears to have been a serene person who, puzzling over his wife's habitual introspection, once declared that he "had no 'insides.'" By contrast, Beatrice's iceberg mien concealed a cauldron of emotion, as her two volumes of autobiography, and her posthumously published letters and diaries, show.

It is the first volume of autobiography, *My Apprenticeship*, that is the subject of this book. According to Deborah Nord, Beatrice's account of her own life up until her marriage in 1892 at the age of 34 (the start of "Our Partnership") deserves to be treated as a literary work, an imaginative faction to be placed in a tradition of late and post-Victorian female writing. A professor of English at Harvard, Nord brings to her task a formidable combination of Eng.Lit.crit. and a kind of Freudian feminism. The result is an austere but—perhaps surprisingly — often stimulating study, which makes unusual points about the relationship of political life to literary fashion and culture.

In Beatrice's case, the fascinating question becomes: if *My Apprenticeship* belongs to literature as much as to history or psychology, how much of the life it describes was a playing out of fantasy derived from fiction? The implication of this book is that the themes of crisis, search for faith and (above all) conversion to be found in Beatrice Webb's autobiography came from contemporary literature; and that literary models were a powerful force in shaping her career.

Nord suggests that the most important model was, in effect, a Victorian re-working of the life of St Theresa, a favourite heroine of the period, with spirituality and redemption at the core of the story. However this may be, there is no disputing the centrality of self-denial in Beatrice's own life. *My Apprenticeship* is a finely written, passionate, intimate book, ruthless in its self-analysis. Yet the character that emerges is of a woman who, for all her public creativity, turned feeling inward upon herself, and for whom social inquiry and politics were a product not of love for humanity but of a programme of personal discipline.

Beatrice saw herself as somebody with raging desires—for love, attention, social success—that needed to be checked. Her self-description, Nord argues, is familiar enough to students of Victorian female hagiography: first a sickly, isolated childhood, then a morbidly depressive adolescence, as sinful daydreaming escalated to the more dangerous vanities of flirtation. There followed, for Beatrice, the competitive miseries of London Society and the Season, which provoked a (socially acceptable) interest in East End charitable work. Then came Temptation: a fruitless, obsessive relationship with handsome, rich, powerful, eligible Joseph Chamberlain. This episode was followed, inevitably, by despair, emptiness, remorse — out of which emerged the beginnings of a new life, through penitential work among the poor.

Beatrice Webb in 1941

The eventual outcome, according to *My Apprenticeship*, was faith re-born and personal fulfilment. Nord doubts the truthfulness of the ending. What interests her most, however, is that the pattern, with its emphasis on expiation and conversion, follows so closely novels and memoirs which Beatrice read and admired. Thus, marriage itself becomes an act of renunciation: a rationalist equivalent of going into a nunnery, intended to heighten spiritual awareness.

Nord claims that Beatrice saw her life, like fiction, as having a climax, a dénouement and a resolution. But reality did not quite live up. The Great War and inter-war economic crisis destroyed the illusion of Fabian gradualness and undermined the religion of socialist community. Hence the Webbs' attraction in their dotage to the USSR, the "New Civilisation" with its secular religious order, the Party, and its ban on spooning in the parks. "I prefer the hard hygenic view of sex," wrote Beatrice, "and the conscious subordination of sexuality to the task of "building Socialism" characteristic of Soviet Russia."

Socialism as religion, is not, of course, unique to Beatrice Webb. Neither, for that matter, is political activity as an expression of sexual puritanism. What makes the discussion of these two elements in Deborah Nord's book interesting is the link she makes between them and contemporary literary idiom. In presenting *My Apprenticeship* as, in effect, a romantic novel, she sheds light from an oblique angle on the phenomenon of the class rebel, an under-examined nineteenth century invention.

Ben Pimlott

Wheels oiled to musical chat

AMISCELLANY: MY LIFE, MY MUSIC
By John Amis. Faber and Faber. £12.50, 280 pages

KNOWLEDGEABLE CHAT, especially if delivered with a smile, is a highly rated commodity on radio and television. A dozen years in *My Music* have established John Amis's quick-witted personality in both media; for much longer than that the musical profession has known him as the unflustered administrator, the capable oiler of wheels.

He helped Myra Hess organize her famous wartime series of National Gallery concerts, and afterwards became concerts manager to Sir Thomas Beecham. He was secretary of the Apollo Society, touring programmes of music and poetry with performers such as Julian Bream and Noel Mewton-Wood, Margaret Rutherford and Peggy Ashcroft. A skilled radio interviewer, he developed an acquaintance with many leading composers. He must also be the only music critic to have sung more than a few bars in public and the only music critic to admit to deafness (in one ear).

But chat has run away with his autobiography. On the printed page, colloquialisms like "the Nat. Gall." and "the Beeb," expression like "We got on like a h. on f." or "Eric could play like a dream" have the fizz of yesterday's champagne. The person whom John Amis calls his "minder" at Faber hardly deserves thanks for allowing such a sentence as: "Having been taken possession of by Dagmar she and I remained lovers for many years." Nor should the reader be twice told, 200 pages apart, that Donald Swann's uncle spelt his surname with one "n" and knew Rakhmaninov.

Nevertheless, personalities come across — among them Tippett and Britten (how frail is a composer's ego!) and, memorably, Gerard Hoffnung. A treasurable anecdote tells of the engagement of that magisterial pianist, Solomon, to play Beethoven's Piano Concerto no 3 in a Butlin's holiday camp. "This particular Beethoven concerto has a very long opening orchestral *tutti* and Solomon sat there with folded arms. After a minute and a half of this Mr Butlin was shifting about in his seat and after another minute of the *tutti* he turned to Roger and myself and whispered, "I suppose there isn't any trouble about Mr Solomon's fee, is there?"

John Amis's presence as an eye-witness compels us to believe in the happening; unfortunately it is his not being present that casts doubt on some lazily retailed anecdotes acquired from sources unnamed. Those concerning Sir Malcolm Sargent's vanity or the alleged unmusicality of the wartime director of the RAF Central Band may be allowed to pass, but there is one story which reflects scandalously on British music criticism and on a living figure.

We are told that the late Richard Capell, as chief music critic of the *Daily Telegraph*, "once perverted William Glock's notice from Berlin of Stravinsky's *Symphony of Psalms* . . . by inserting a negative into each assertion of praise or enthusiasm." Sir William Glock himself must surely now feel obliged to substantiate or deny that story. If true, it must not only crucify Capell's honorable reputation but also raise the question of what appropriate action was taken at the time by Glock himself.

Arthur Jacobs

Fiction

Select states of emergency

INSIDE, OUTSIDE
by Herman Wouk. Collins, £11.50, 644 pages
RICH LIKE US
by Nayantara Sahgal. Heinemann, £9.50, 234 pages
THE SILVER AGE
by James Lasdun. Cape, £8.95, 186 pages
NELLY'S VERSION
by Eva Figes. Hamish Hamilton, £9.95, 218 pages

HERMAN WOUK'S *Inside Outside* is his first novel for seven years, billed by his publishers as "a merry, poignant, sometimes ribald picture of the American Jewish experience" and by his narrator, variously, as a kaddish for his father and a torch song of the 1930s.

David Goodkind is the narrator, the Bronx-born son of immigrants from Minsk, who hauls himself out of the Bronx to Columbia and from there, eventually, to the White House, where he is a legal adviser to the President at the time of Watergate. In his spare time he is writing a novel about his early life, of which *Inside, Outside* is the core.

His story takes in Minsk, Manhattan, Columbia and modern day Israel, with stops on the way for show business, Hemingway, Dietrich, Leslie Howard and John Barrymore et al. More than anything, though, it is the story of a young gag writer in the 1930s, struggling to make it big in the theatre, to make it, sexually and otherwise, in the land of the Goldena Medina.

Heavily autobiographical then, or at least drawing on the author's own background; witty and self-deprecating too, Herman Wouk writes with great charm, sympathy, and understanding of the vagaries of human nature.

Nayantara Sahgal's *Rich Like Us*, winner of this year's Sinclair Prize, begins, like Wouk's, with a government in crisis: Indira Gandhi's during the state of emergency. The emergency itself is hailed by those at the top as excellent for business; enthusiasm not shared by senior civil servant Sonali, who refuses permission for a foreign-imported soft drinks factory, only to find herself out of a job next day and replaced by the more amenable Ravi. Ravi was her lover at Oxford, a once passionate Marxist who has sold out, like so many of his kind, to the other side.

Dev, front man (though not the brains) for the soft drinks company, receives promotion to the Cabinet. Decent people are thrown into prison; the corrupt thrive. As their contribution to the cause, upperclass wives at a coffee morning arrange to have their servants compulsorily vasectomised. It is clear that the world's largest democracy has lost its way since the old ICS became political. Nayantara Sahgal makes it all seem pretty sour, but it is nicely observed and put across with commendable restraint.

Commendable too is James Lasdun, a young award-winning poet whose first book of short stories, *The Silver Age*, is remarkable for its maturity and range. He has an architectural eye for detail, for jewels, furniture, décor, for the irritating yet hypnotic arrogance of the upper classes or telltale footsteps in the snow which indicate a clandestine love affair.

Most of the stories are set in England, with excursions to India and Paris, and frequently into childhood. One of the best deals with a ghastly little boy messily sabotaging his widowed mother's chances of remarriage. Another shows a night club magician tricking a journalist into tearing up an important set of notes. Another deals with the rediscovery of a childhood bugle and associated memories of nanny. By and large the author's themes are nothing out of the ordinary, but he handles them with plenty of imagination, plenty of promise.

Nelly's Version, reissued now after first publication in 1977, opens in the hotel bedroom of a middle-aged woman who has signed herself in the register as Nelly Dean. She has a suitcase full of money and is waiting to make contact with . . . whom? She is not sure. When no one shows up (apart from an absurd young man claiming to be her son) she takes the money safely to the bank—and is surprised to learn that the bank was robbed soon after her visit.

A policeman comes to see her, but sheds no light on the proceedings. Nor does a Mr Wilkinson who seems to think he can take liberties with her body. She looks round a house for sale, only to hear subsequently that it has been set on fire. So has her own home, where the strange Mr Wilkinson lurks in pyjamas. She is mentally ill, neatly portrayed as such by Eva Figes, who has succeeded—no easy task—in plumbing the thought processes of the insane with both sympathy and wit.

Nicholas Best

Seeing red

THE HUNT FOR RED OCTOBER
by Tom Clancy. Collins, £9.95. 479 pages.

THE ONLY good Russian is a defecting Russian. This seems to be the point plugged by Tom Clancy in his first novel.

"Red October" is the latest Soviet missile submarine, and there is consternation in the Soviet Union when it is discovered that the skipper had decided to defect to the West, complete with boat. The Soviet Atlantic Fleet, given orders to hunt down and sink the Red October, converges on the U.S. coast. When the Americans discover the reason for this apparent set of aggression all stops are pulled out to save Red October so that American experts can get their hands on it. The hunt becomes a dangerous—for some, fatal—wargame.

Brian Ager

Lives sung in unison

MARIO AND GRISI: A BIOGRAPHY
by Elizabeth Forbes. Gollancz. £14.95. 225 pages.

Giulia Grisi was already a famous soprano when she encountered the tenor Mario (stage name of the Sardinian nobleman Giovanni de Candia), who, though he was the same age, was at the outset of his career. His fame soon matched hers, and as their private lives were united (they could never marry because of Grisi's precedent, unhappy marriage), their singing also became virtually a joint venture. They achieved an international fame unusual even in those days of star-worship; one of their early and great fans was Princess, afterwards Queen, Victoria whose journals have served Elizabeth Forbes as a valuable source for this thorough, informed, and readable double biography.

Inevitably, the story of two magnificent careers sometimes becomes a chronicle. But even the bare facts—dates, theatres, roles, fees—add up to something more, a fascinating glimpse of theatrical practice in the 19th century. It is interesting, too, to see, through this chronicle, the shifts in public taste, from Rossini-Bellini (Victoria's "dear *Puritani*") to Meyerbeer, then Gounod, then—finally, and with critics complaining regularly—the Verdi of the great middle years.

If, in this account, we see little of Grisi and Mario as private people, it is because they had practically no privacy. Characteristically, Grisi died in a hotel. Mario, who survived her, having earned and spent fortunes, died in Roman lodgings. The Queen bade her Master of Music attend the funeral and send a wreath in her name.

William Weaver

Records

Deliusian delight

Delius: Irmelin. Eilene Hannan/Ann Howard/Sally Bradshaw/Patricia Taylor/John Mitchinson/Michael Goldthorpe/Brian Rayner Cook/Michael Rippon/Eric Shilling/Philip O'Reilly/BBC Concert Orchestra/BBC Singers/Norman Del Mar. BBC Artium 3002, three records in box.

Delius: Margot la Rouge. Lois McDonall/Ludmilla Andrew/Margaret Field/Phyllis Cannan/Anne Collins/Kenneth Woollam/Malcolm Donnelly/Richard Jackson/David Wilson Johnson/Alan Watt/Dennis Wicks/BBC Concert Orchestra/Norman Del Mar. BBC Artium REGL 458, one record.

Janet Baker: Mozart arias. Scottish Chamber Orchestra/Raymond Leppard. Erato NUM 75176, one record, also cassette.

Marilyn Horne: Arias from French Opera. Monte Carlo Philharmonic Orchestra/Lawrence Foster. Erato NUM 75170, one record, also cassette.

DELIUS is not nearly as bad a composer of opera as he is made out to be. We now know that *The Village Romeo* and *Fennimore and Gerda* can create a powerful theatrical impact in imaginative stagings; while *Irmelin*, his first attempt, may in the cold light of day be impossible in every way, it is impossible on the grandest imaginable scale, and in a sensitively designed performance, possibly translated into the decent obscurity of a foreign tongue—any tongue would do—this treatment of the Princess and the Swineherd could be a knock-out.

Listening to the excellent new recording, issued in conjunction with the Delius trust and taken from last year's Radio 3 broadcast, one wonders what on earth audiences would have made of it had it been performed when it was completed in 1892—the year of *Werther* and *Pagliacci* and a decade before *Pelléas*. The idiom is so startlingly original (even more so than Janacek's, whose early musical language had recognisable antecedents) as virtually to defy genealogical investigations: Grieg cubed, perhaps, for the tortuous chromaticism, and an element of Wagnerian rapture carried on nearly obsurdum, with succulent modulations piled one on top of another until one almost cries "no more!" But *Irmelin* was not premiered until 1953, when the composer's reputation was at its lowest ebb, and one may hope that in today's more receptive atmosphere the records will win new friends for this most melodious and freshly inspired of all his operas.

Not that the problems should be ignored, the insubstantial plot of girl dreams of boy (Act 1), boy dreams of girl (Act 2), boy meets and elopes with girl (Act 3), and the impossibly fustian syntax—Delius's own—in which it unfolds ("What dost thou want and whence comest thou?"—try singing that after a drink or two). In the theatre the biggest problem would be balance, since the orchestra is going at full Deliusian tilt for much of the time, but in the studio this is easily managable, with the voices caught in a quasi-natural balance over Del Mar's yearning ceaselessly surging orchestra.

The singing is quite excellent. Eilene Hannan is poetically *fey* in the title role yet always firm and expressive of musical line, and John Mitchinson ideally beefy as the Swineherd Nils, who demands and receives the stamina and sensitivity of a Tristan. Brian Rayner Cook swaggers infectiously as Rolf the Robber Baron, and Ann Howard brings quiet humour to Irmelin's down-to-earth maid ("Why look for lovers in the air?"). (Why indeed?) Warmly recommended, though after two hours of non-stop rapture some listeners may care to have a cold bath ready.

The one-act *Margot la Rouge* has been overtaken by events. For the 1981 broadcast from which the recording is taken Eric Fenby had to reconstruct the orchestration for those passages not re-used in the 1932 *Idyll*, but since then the autograph has been discovered and Delius's own instrumentation was used at last year's Camden Festival. *Memory reveals* no major differences. Written (unsuccessfully) for the 1904 Sonzogno Competition, this is an everyday story of double murder amid the tarts and pimps of an imaginery Apache-style Paris. Since *Margot* lasts only 40 minutes, complaints about dramatic pacing are barely admissible; and while the score lacks the melodic distinction and orchestral exuberance of the earlier work, it makes its effect on stage—an effect too delicate, perhaps, for the *verismo* subject matter, certainly too delicate for *Sonzogno*.

The performance, sung in dubious French, *is good*, with Lois McDonall very touching as the eponymous and reluctant tart, Kenneth Woollam duly wholesome as her childhood sweetheart, and Ludmilla Andrew vibrantly larger than life as the jealous colleague.

The main attractions of Dame Janet Baker's new Mozart recital — apart from the prominently billed "Exultate jubilate" — are the two substitute arias written for Susanna in the 1789 revival of *Figaro*. Given that the composer disliked Ferrarese del Bene, the singer in question, it's surprising that he should have taken so much care. "Al desio," the replacement for the Rose aria, is as spikily malicious as the original, with bassoons again mocking the jealous Figaro and pizzicato strings in the reprise supplying the underlying affection: Dame Janet's singing is *perhaps* a little too *po-faced* for the dramatic situation, but her account of the first act arietta is enchanting.

Also included are the two comparatively undistinguished insertions for Martin's *Il burbero di buon core*, Sesto's "Parto" from *Tito* (less forcefully projected than on an earlier recital disc), and a beautifully warm account of the concert aria "Ch'io mi di te." The SGO accompaniments are first rate.

Marilyn Horne's new record is rather more interesting for repertory than for vocal accomplishment. The insistent beat in her voice under pressure is not best suited to numbers like Saint-Saëns's "Mon coeur," while her taste for full-frontal ornamentation compromises "Oh mon Fernand" from Donizetti's *La Favorite* (too hectic by three-quarters) but is just the job for lighter pieces such as "O Palerme" from Auber's *Zerline* (lovely stuff). Massenet's "Venge-moi" from *Hérodiade*, a great barnstorming number, suits her best, and she is on her most correct form for two arias from Gounod's early *Sapho* (1851) — distinguished singing of rapt and imaginative music. A rushed account of Offenbach's rondo from *La Grand-Duchesse* however, complete with a quote from the Marseillaise in the cadenza, is definitely for the audio-nasty shelf.

Rodney Milnes

Galleries

"The Pink Beach" (1973) by de Chirico at Nicola Jacobs

Summer horses on show

HIGH SUMMER, the season of stock exhibitions and improvisation, is upon us, and to improve the shining hour with a coherent and elegant show upon a given theme puts any gallery rather ahead of the pack. "*Horses in 20th Century Art*" at Nicola Jacobs (until August 31) says nothing more profound of its subject than that artists always have and always will respond directly to whatever they find exciting and beautiful, which is quite profound enough. The real surprise would have been to discover no great images of our time of these fabulous creatures, and this show can only hint at how it might be almost infinitely extended.

By a nice coincidence, Spinks have just finished with a show of English 20th century *sporting* painting, and I mean no *ingratitude* to this particular selection in saying that a nod towards that vigorous and often admirable tradition, Munnings and all, would have had its fascinations.

This Jacobs show reaches back to Degas, which is stretching the point a bit, and to Picasso's juvenalia, and marches up to date by way of Rouault, Dufy and late de Chirico, and two wonderfully spirited water-colours by Derain. But the emphasis lies with the modern international mainstream—the likes of Kirkeby, Morley, Chia, Rothenberg, Lupertz and le Brun. Most *impressive* is the sculpture—a strange late Moore, Flanagan's classical essay in monumental sculpture, Deborah Butterfield's lead piece the most witty and inventive, and a fine maquette *by Elizabeth Frink*.

There is no argument of course with the gallery stable show that happens to be a most positive declaration of intent. The Benjamin Rhodes Gallery has just opened its doors in New Burlington Place at the top of Savil Row, to show off the kind of exhibition space that many established dealers even now can only dream about. The artists who fill it with their work (throughout July) are a mixed bunch, of young to *middle* age and ranging in preoccupation from out-and-out expressionism, to Sladeit figure composition and *constructivist abstraction*.

All of them have impressive records, even so, and *it is* always good to see strong and serious artists, who might otherwise just slip through the net, being taken up and given their commercial due. I have long admired the constructivism of Michael Ginsbourg, and the paintings of Michael Crowther and Tricia Gillman, both in their very different ways constructivist. Bruce Russell, too, is clearly moving fast and well; and Victoria Bartlett's sewn reliefs are as exquisite and intriguing as they always were.

Quite literally back to back with this new gallery but round the corner in New Burlington Street, is Nigel Greenwood's new *space*, lately translated from Sloane Gardens. He celebrates his move with a *show* of recent work by Christopher le Brun who is one of the most conspicuously successful of our younger painters, a veteran already of the international circuit. With his work we are back with the horse once more, the mythical steed of god and hero, a magic shadowy beast half god itself, half seen through a dense, rich, expressionist haze. The smaller works lose none of their romantic mystery for being more closely realised (until July 27).

And last, there is the Austin Desmond Gallery, which for the moment is based at Brookside *Farm, Winkfield Road, Ascot*, just a little beyond the apex of the race course at Swinley Bottom. The gallery is open all day Saturday or by appointment (0344 886147) and the current show (until August 3) is of the recent paintings of Martin Fuller.

William Packer

Saleroom

Golf to open the bidding

WHAT IS the matter with golfers? The links of the world are jammed with some of the richest men in the world, discussing million-dollar deals as they birdie here and bogey there. Membership fees of smart golf clubs are as astronomical as the handicaps of some enthusiasts, and no *sport*, apart *perhaps* from ocean yachting, can accommodate so many of the well-heeled among its acolytes.

And yet few of these golfers seem to have much love for the history of their game. The highest price paid at auction for a golf ball is just £2,200 for one of the few surviving goose-feather-packed balls of the early 19th century. The most expensive club cost little more—£2,400 for an early iron of around 1790.

These prices were paid at Sotheby's last year and the auction house hopes to improve on them next Wednesday when it holds its biggest sale in this area, with over 400 lots. It is *timed* to follow the British Open and located in London because earlier auctions organised at Gleneagles failed to disprove the *Scots* reputation for thriftiness.

Hilary Kay, Sotheby's collectibles specialist, is resigned to watching the major lots disappear overseas to Japanese and American buyers. There should be particularly keen bidding for nine clubs once used by Willie Dunn, the first winner of the American Open. They have been sent for sale by his great-grandson and include a long-nosed putter made in St Andrews around 1835 by the great name among club makers, Hugh Philp. This alone carries a top estimate of £1,800.

Even more exciting for Hilary Kay is a partial set of five Philp woods, made around 1820, the biggest *group* ever to appear at auction. A long-nosed long spoon has a £2,200 top estimate.

But it may not be the most expensive club in the sale. The record could be nudged, or exceeded, by a long-nosed driver made at Musselburgh around 1860 by Mungo Park; it also has a £2,200 top estimate. For someone putting age before beauty, there are a couple of late-18th-century clubs on offer at lower estimates; and if you have less than £100 to spend you might be interested in an H Vardon ladies' bulger *driver*, Totteridge, circa 1920, or an R White putting *cleek*, St Andrews, circa 1880.

There is more to this auction than antique clubs and balls. And more acceptable to saleroom aficionados might be a collection of 68 watercolours by Thomas Hodge, who combined his duties as headmaster of a boarding school at St Andrews in the last quarter of the 19th century with a passion for golf—and for art.

He captured in tiny detail—some drawings are less than 5 ins by 3 ins in size—the characters of the day, including "Old Tom" Morris, the father of Scottish golf. He also depicts such delightful scenes as a view from the clubhouse window, showing golfers on the 18th green. The sketches range in price from less than £100 to *£1,800* for a watercolour portrait of "Old Tom" about to play-off at St Andrew's in 1887. Other golf worthies captured include Johnny Ball, first *amateur* winner of the Open, and Henry A Lamb, founder of St George's Sandwich, where this year's Open is taking place, and inventor of the "bulger" club.

The highest price expected on Wednesday is for a book "Nouvelles regles pour le jeu de mail," published in Paris in 1717. It is one of the first *books* to *give the* rules of jeu de mail, later known as pall mall, later known world-wide as golf. Sotheby's has a £5,000 top *estimate* of this rare work which has illustrations more suggestive of croquet than of golf.

More for the common man would be a decorative golfing watch of around 1900, with an elegant lady golfer having a swing (top estimate £200); a collection of 76 different golf balls (top estimate £600); or *golfer* Harry Vardon's silver cheroot holder (£200). There are postcards and cigarette cards; golfing figures and golfing mementoes. And a letter of 1797 concerning the manufacture of *golfing* jackets, expressing surprise at a bill that had been outstanding for eight years. Golfers do not change—not even their jackets.

Antony Thorncroft

Festivals

A bigger field for new music

FOR MORE than a quarter of a century British musical life had one major shortcoming—*it* lacked *any kind* of *festival* devoted exclusively to contemporary music. Yes, there was Cheltenham, assiduously propagating an almost extinct strain of English symphonists, and Aldeburgh with its *genius loci*; but for anyone interested in what was genuinely innovative and fresh there was nothing here to put alongside the events at Donaueschingen and Royan, Warsaw and Budapest, where annually a whole spectrum of composers working in a variety of idioms was faithfully displayed.

Quite unexpectedly in the last few years things have got much better. There are now two festivals that have a genuine international outlook, together with a summer series of concerts which presents a great deal of music that otherwise would go almost totally unheard in this country. All three ventures have developed *quite independently and in* usefully complementary ways, so that there are rather fewer composers now who remain just names.

In many respects the Huddersfield Festival is the most singular and unexpected *arrival* on the scene: who would have *predicted* that a *festival* of *new* music built around the music department of Huddersfield Polytechnic at the back end of the autumn would have established itself so fixedly in the musical calendar? It has achieved its position by stealth and cunning planning, maximising its assets — an enthusiastic group of resident students, close proximity to several other university towns and a splendidly refurbished recital hall — and by carefully tailoring its programmes to artists and ensembles who may be touring Britain.

It still lacks the resources to initiate major projects, but has become adept at encouraging other organisations to combine forces — last year's festival included a major concert of orchestral music by Maxwell Davies supplied by the BBC Symphony, and this year the same orchestra will bring Berio's major choral piece Coro for what is only its second British performance. Yet also both the French ensemble L'Itinéraire and the percussion trio Le Cercle made their British debuts at Huddersfield's instigation, and it has now an impressive *list of* premieres to its credit.

Huddersfield's secret has been to keep things simple. Events stretch across a week, but the main focus is on a concentrated weekend; two composers are generally featured each year and they take up residence for lectures and discussions. There is a genuine feeling of a festival community created, in which one event flows directly into the next; only occasionally is the weekend schedule just a little too enthusiastically filled. With an emphasis on personal appearances inevitably the festival has gone for the big names in contemporary music — Henze, Carter, Xenakis, Davies, Kagel — *confining itself to the main*stream rather than dabbling in *the fringes*.

But the fringes are precisely what both the Almeida *Festival* and the Institute of Contemporary Art's *MusICA* series have attacked with such relish. Because *they* both *take* place in London in the summer months the Almeida and MusICA have been subjected recently to some invidious comparisons: unfair because they start from different premises, display very different *attitudes* to the performers and composers they present, and often attract quite different *audiences*.

In some ways, too, it is rather early to try to categorise what the Almeida is trying to do—though the festival that ended two weeks ago was the fifth, it was effectively relaunched only last year on the kind of scale that has attracted such favourable comment on this page and elsewhere. In 1984 the emphasis was on music theatre and English experimentalists — the composers who have traditionally been ignored by the usual new-music promoters in London. This year the spread was even wider: not just the American experimental tradition from Ives to Feldman, but an exuberant celebration of the tango and a *major* survey of the music of Claude Vivier.

Whatever one thinks of any one of these themes, there is no denying the value of their contribution to the breadth of our knowledge. It would have been enough justification for the entire enterprise to have presented Conlon Nancarrow's extraordinary player-piano studies for the first time here, without the bonus of the concerts of Virgil Thomson or Frederick Rzewski, even if I am not so sure about the real value of Vivier's music. The energy and ambition of the Almeida at present seems so enormous that one half expects it to burn itself out before long; it's hard to see how it could be sustained indefinitely every summer. If it can, then it will swiftly acquire a genuine international reputation.

MusICA's slant is different again. *It never* gives the impression of going for the headline-catching event, but plugs away at its carefully defined areas of contemporary music. One of the series avowed intentions is to avoid those composers whose music can already find outlets in London; there is *no room* for *those whom* Huddersfield, for instance, is likely to programme. The season which began two weeks ago is the eighth, and in that time it has appeared to move progressively farther away from established composers. Barraqué and Cage were featured strongly in early series; this year the best known composers are Walter Zimmermann and Vic Hoyland.

That pairing of Zimmermann and Hoyland demonstrates the breadth of MusICA's interests, for if Hoyland belongs very much within the mainstream European tradition stemming

quintessentially a fringe figure, with strong links with the *American experimentalists*. Experimentalism in its European and *American forms* has been a perpetual feature, and several composers owe a considerable portion of their British reputations to performances to MusICA: Zimmermann was largely unknown here before a programme of his work in 1981; Giacinto Scelsi too was just a name, Gerald Barry had had very few performances. MusICA's declaration of faith in such composers and its repeated inclusion of them has become one of its more identifiable traits.

If Huddersfield, the Almeida and MusICA have anything at all in common other than a broad commitment to new music it is that they all run very close to the financial wind, and that they are more or less run as benign dictatorships. Adrian Jack's organisation of MusICA *is* comprehensive; while the ICA itself provides the perform*ing space* and front of house facilities, Jack is entirely *responsible* for the planning and organisation of concerts and a good deal of the fund raising. It is his sometimes quirky taste that comes through in the programmes, his unflagging belief in the quality of certain unfamiliar composers that provides them with a platform.

At the Almeida too Pierre Audi's enthusiasm is surely responsible for the sheer variety of the music there, even if the larger scale of the operation requires a much more elaborate administration. It was as a lecturer in the music department at the Polytechnic that Richard Steinitz began the Huddersfield Festival as a departmental project; only to see it grow under his care into something much less parochial.

Less impressive is the amount of subsidy the three events have been able to attract. Huddersfield at least has the advantage of being prized by its regional arts association, Yorkshire Arts, and can attract money from local industrial and business sponsors. For the London-based series things are more difficult. I don't think either the Almeida or MusICA would regard itself as generously funded by the Arts Council, and Pierre Audi's irritation with the Arts Council attitude to his endeavours was well publicised at the beginning of this year's festival.

MusICA last year managed something of a coup by attracting generous subsidy for its whole series from Diner's Club; but that sadly was not repeated this season and it has returned to garnering what it can where it can. Until attitudes change and new-music *festivals* are centrally underwritten as generously as other, more *superficially* glamorous branches of music, enterprises such as these three will continue to exist precariously from year to year without any long-term, assured future.

Ballet

Balancing act to foot bills

PETER Schaufuss, one of the leading male dancers in the world, will unveil the climax to his initial year as director of the London Festival Ballet on Tuesday with the first London staging of Sir Frederick Ashton's *Romeo and Juliet*.

Persuading Ashton to let the LFB stage *Romeo and Juliet* is only the latest coup for Schaufuss, a 35-year-old Dane, since taking over the company. He has coaxed a number of international stars of the ballet world to dance with Festival—including Natalia Makarova and the 16-year-old Katherine Healey — and revitalised the spirit of what only a year ago looked a ballet company with a less than rosy future.

Schaufuss's personality and drive in promoting the LFB has been in contrast to the fortunes of the Royal Ballet, of which Ashton is a former director, over the past year. It is ironic that, when the lack of Ashton's ballets in the forthcoming Covent Garden season is being criticised, one of his major works hitherto unseen in London should be performed by a rival company.

Yet in spite of the artistic triumphs notched up by Schaufuss in recent years are, if anything, getting worse.

The LFB—founded in 1950 and taking its name from the Festival of Britain—has never really had a secure financial footing while seeking to bring classical ballet of the highest standard to the parts of the country starved of top-class dance companies.

However, in recent years the company has been hit by rising costs and poor box office *receipts* which have led to a mounting annual deficit, producing in the financial year just finished (end of March) a record shortfall of £300,000.

The LFB spends about £3.5m each year on its touring and London seasons, but takes in only about £1.5m from the box office. *Sponsorship*, while important, only makes up a small proportion of this shortfall, with the rest coming from the GLC and Arts Council who give about £1m each. When this is still insufficient, the company runs into deficit.

In the last financial year, the company was hit by poor attendances at its extended London season last summer, a position from which it was unable to recover even with improved box office receipts. Its fate cannot be decided at the box office in spite of what Schaufuss may still have up his artistic sleeve. The battle is still being fought in political circles, between the Arts Council, the Government, and local authorities. The Government has promised to make up some of the shortfall of arts funding lost by the abolition of the GLC and metropolitan counties but it will not be enough to make up the full deficit and the LFB and other *artistic* companies will not know for certain how much they will receive until the GLC disappears.

Meanwhile, the LFB is doing all it can to put its house in order. Its full-time complement of dancers has been reduced to about 60, the minimum for the type of works it performs, but the company has been able to employ more guest *artists*.

In addition, the LFB has just set up a development Trust with the aim not only of encouraging corprate sponsors—banks such as Barclays, National Westminster and Citibank are among the sponsors—but raising money through more aggressive marketing.

Radio

The art of destruction

PUBLIC spirit made me switch on Radio 1 for the Live Aid concert, but I quickly caught a dreadful song containing the line "Switch off if you want to," so I did, putting a little cheque in the post to thank them for the courtesy.

To takes the taste out of my mouth I hear Words by Hart on Radio 4, a three-part series of early songs by Richard Rodgers and Lorenz Hart. Hart was a genius. His lyrics were written to the music, not the other way, yet they use a wealth of duplicate and triplicate rhymes, internal rhymes of much ingenuity, awareness of current affairs, and wit. The titles would do for *pop-songs*: "Do you love me, I wonder?", "I'm *hard* to please" and so on. Hart was small, queer and a drinker, and not *surprisingly* melancholic, but his songs to Rodgers's fine tunes are the best of their kind ever written. Barbara Rosenblatt and Lindsay Benson sang the songs nicely, and the programme was written and presented by Leslie Sands.

Talking of wit, Radio 3's two extracts from Samuel Rogers's tabletalk, *The Oracle of Holland House*, were a treasure. Rogers wasn't himself a funny man, but he made a great collection of the wit of his friends. As his friends included such people as the Duke of Wellington, Nelson, Lady Hamilton, *Sheridan*, Mrs Siddons, the Princess of Wales and the *Queen*, the standard was high. Robin Bailey read the stories with just the right element of impersonation.

Tuesday's *We Build the* Bomb on Radio 4 was only a gossip piece really, interviews with and recollections of the extraordinary collection of physicists who assembled at Los Alamos to see if it were possible to make a controlled explosion *with* uranium or plutonium. But a lot of *interesting* details came out of it, not least the American belief that "the *whole* project was to subdue the Russians." realise that this achievement relied entirely on calculations, lied entirely on calculations, practical experiments being out of the question. Everyone seems to have worked with immense enthusiasm that ripened into elation when the bomb went off. The raid on Hiroshima killed 70,000 people, far fewer than would have been killed if the bomb had not been dropped and the war had dragged on. If only it could have ended there!

Rhys Adrian's play *Crossroads* (Radio 3, Wednesday) left me bewildered, as I often am by his plays. It began with talk between an old couple that sounded like an exercise in R. D. Laing (the patient, incidentally, in Anthony Clare's psychiatrist's chair this week). So often in life they have come to *the crossroads* in life and not known which route to take. Then, given no choice *this* time, old George (Peter Sallis) dies, and *we turn to* a duologue between old Mary (Brenda Bruce) and her son Richard. They don't get on well. He wants her to go into a *home* and she won't. Perhaps we were all at a crossroad, wondering which way to understand the play. It meant little to me, and if I am told that ah, but Rhys Adrian is a poet, I have to say that there was little poetry in the dialogue.

B. A. Young

WEEKEND FT

Alpha plus for effort

THE IDEA of a Nobel Sperm Bank is a disturbing ooe, seeming to fulfil Huxley's prophecies of genetically engineered Alphas, Betas and Epsilons as the inhabitants of a Brave New World. It was therefore very comforting to see that the grandly named Repository for Germinal Choice in California turned out to be a rather grubby van in wbicb a man with a beard kept jars full of frozen offerings.

The Visit on BBC 1 on Wednesday concerned the visit of this man, Paul Smith, to deliver one of these jars to a woman called Afton Blake. A sequence showed tbe jar sitting in the passenger oeat on the way to ber home, almost as if it were dropping in for dinner.

Paul Smith told us that be had first become interested in the selective breeding of bumans as a teenager. His deadpan delivery combined with his small glasses and formal suit made one wonder with a shudder what else he found interesting. He attempted to sound very scientific and gave a lot of technical detail but he could not escape the fact that his work involved leaving plastic cups in hotels rooms. Then men of admittedly high I.Q.'s bad to complete what one of them described later as "not very exciting work."

Afton Blake, a wealthy Californian psycbologist was continually described by the commentary as forthright, sensible, intelligent and the like but she came over rather differently. She giggled wben ohe admitted "falling in love" with the description in the catalogue of Red 28, by wbom sbe bad a son, Doron, and by wbom she was planning a second child.

She chose a blue-eyed blonde donor which rang nasty bells but sbe dismissed any overtones of a master-race. However, the man was an eminent computer scientist and musician which meant that we kept seeing shots of Doron, aged 2, with xylopbones, pianos, guitars and any other instrument to hand, being encouraged to play by his mother. Pleasingly, he sbowed no aptitude for any of them, nor was be very prodigious on a home computer which be thumped happily in a game of making men's faces on the screen.

The men, interestingly, all seemed to have bald heads and moustaches hut then this was California. Surely nowhere hut California could have produced Afton and her mother. Afton told us that "creativity" was the most important quality of all, not intelligence. She bad presumahly paid Paul Smith for the IQ levels of 150-plus that he promised in tbe catalogue but on ahe went, deciding next that character was the vital thing. Her mother agreed and was all for more "self-actualising people." Afton suggested that the winners of the Nobel Peace Prize would be the ideal donors.

At this point the liberal floundering became too mucb for me. Do we really want little Kissingers and Begins everywhere? More saintly winners like Bishop Tutu might have objectiona to using the hotel room and Mother Theresa would have an obvious problem. How did Afton feel about Boh Geldof?

Since Afton and her mother (and most Californians) are psycbologists they realised that Doron would eventually want to meet his "father." This did not worry them too much hut they conceded that it might worry the child. It would also worry the "father," wbom the BBC team managed to trace with incredible ease.

A faintly embarrassed Red 28 told Wilcox that he bad not told his mother about bis excursions to the hotel room. He also said he would bave to tell his wife if he got married, and another donor admitted that his girlfriends always thought hio activities as a donor "improper."

What the makers of the documentary felt was not clear. At the beginning, the presenter referred to Doron as "the inevitahle future" and spoke of science going ahead. However, the final scenes had little to do with science.

Afton was going to inseminate herself to the light of flickering candles whilst meditating and cbanting "om" along with her mother and a friend. (The friend bad a balf-smile on her face and I mnst admit I had a whole one on mine.) She addressed the sperm in the jar saying "I invite you to choose me as your motber." This absurdity was terribly comforting, seeming to suggest that however advanced the technology it would still be a long way from the soulless sterility of Huxley's vision.

Ian Hislop

Sport

George Graham joins an unpaid crew on a race round the world

"Lion New Zealand" off the Isle of Wight after sailing from New Zealand via Easter Island, Panama, the Bahamas and Cork

Sailing by on the scrounge

IF YOU want to sail round the world, the first thing you have to do ia fly round it. "Raising money is the hardest part," says Peter Blake. "I flew round the world four or five times in 1983, looking for sponsors."

In the end, Blake raised enough to launch Lion New Zealand, 78 feet of sleek, silver-grey Kevlar and one of the leading contenders in the Wbitbread Round the World aailing race.

Sbe will aet off on September 28 from Portsmouth on a 27,000 mile race, stopping at Cape Town, Auckland and Punta de Este in Uruguay. The race ends back in Portsmouth next May.

To get the project off the ground takes corporate muscle. The crucial step was winning over Lion Breweries. They put in NZ$500,000 to otart with, winning the right to name the boat; they have followed up with a good deal more since then.

"It needed somebody to say we will back the project to a large degree," Blake recalls. "It was then much easier to get others in at $100,000 a time."

Easier, hut still scarcely a pushover. Advertising value is important in order to make the sponsorship a tax-deductihle expense, but what can you offer them once Lion has bought the name?

The immediate answer is the company name emblazoned along the side of the boat or—for another $100,000—displayed on the spinnaker. There is also the promise of a cruise on Lion in the Mediterranean once the Whitbread race is over.

Less tangihle is the goodwill and Interest that Blake says Lion bas generated among customers and staff of its sponsors.

Delivering on this promise has meant a good deal of bard work, but it has brought support from every corner of New Zealand, a country where yachting is a major national sport.

"We toured round New Zealand," says Blake: "$2 for an adult, $1 for a child—no ice creams, no cigarettes. Forty-two thousand people paid to come on board in eight or ten weeks.

"It makes the crew appreciate how many people are relying on them to do well. When you are waiting to change sails in the middle of the night and you are cold and you are wet, it is just that little bit extra reason to puah harder than if it were a private yacht.

"A lot of people would like to have sponsorship: but you have got to make sure you do the giving as well as the taking."

The money-raising does not end there. There are scheme like the Admiral's Club organised hy American Express: for $5,000 your name goes on a plaque on the bulkhead, skipper Blake radios to you on a specific day of the Round the Worldrace, and when the race is over, you receive that day's page from Lion's log book. Witb membership limited to 120, the Admiral's Club could raise a cool $600,000.

Not all the fund-raising projects have gone smoothly. A lottery with gold bars for prizes—donated by one of iLon's main sponsors, Auckland Coin & Bulion Exchange—floped. "We lost $80,000 on that one," Blake remembers.

Then there is the endless search for sponsorship in kind: ropes, wires, freeze-dried food, clothing, diesel fuel. "I am for ever on the scrounge," says Blake. "It is much easier to find $20,000 worth of produce than it is to $20,000 of hard cash."

Finally, there is the 22 man crew. They are devoting a year and a half to Lion without pay; in addition they must have $4,000 or $5,000 behind them in case the fund-raising goes wrong. "We have a budget, and if we reach that, the crew have to pay for themselves," Blake warns. He does not expect this to happen.

"They are not being paid anything, so you know they are enthusiasts. If they were paid, they might be doing it for the wrong reasons."

Peter Blake knows all about the reasons for doing it. This will be his fourth Whitbread Round the World race, a record matched only by Eric Tabarly of France.

"It is the last time I am doing this race. I will do more normal things after that."

After all, Sarah Jane Blake, who celebrated her second birthday on board Lion during the trip from New Zealand to England, will have to get used to dry land some day.

The irony is that Lion herself cannot go back to New Zealand after the race is over. The New Zealand government gave relief from sales tax and import duties while the yacht was being built, because she was to be re-exported. It might cost another $500,000 in taxes to bring her back to rest in the country she is representing.

Multi-million wheels and deals for prizes

THE WORLD'S top racing drivers are gathered at Silverstone for the British grand prix tomorrow with an extraordinary statement from Ferrari hovering in the background.

It confirmed rumours that had been buzzing around for aeveral weeks, that Il Commendatore, Enzo Ferrari, in his 80s but still very much at the helm of Italy's legeodary (if now Fiat-owned) car marque, might pull Ferrari out of grand prix next year and go American Indianapolis-style racing instead.

To millions of enthusiasts around the world, such a move would be seen as motor racing's equivalent to Markova signing up with the Radio City Rockettes (though "Indy" racing is no less demanding—and is faster—than grand prix itself).

Behind the statement, however, lies a lengthy saga of disputes, hitterness and struggle over wbo runs, and how, wbat is now as much a multimillion dollar business as a sport. Few could bring themselves really to believe that Ferrari means what he says. What many could easily believe, however, is that the great man himself has become thoroughly fed up with the infighting and is seeking to call the house to order.

Specifically, Ferrari's statement sald the pull-out would be made unless the sporting and technical rules of what is known as the Concorde Agreement involving the grant prix constructors and the sport's world governing body are guaranteed adequately for the next three years.

The Concorde Agreement itself was an effort to bring peace after a string of rows hetween the teams, notably the Formula One Constructors Association, and FISA, the Paris-headquartered governing body run by its authoritarian (and short-tempered) president, M Jean-Marie Balestre. At one stage the FOCA teams planned to ignore FISA althogether and set up a separate organisation to run grand prix. The rows ranged over how mooey was to be divided, over FISA changing rules for car specifications at sbort notice—ao eoormously important issue to the constructors, given the high techoology nature of their business—and other issues.

The agreement was intended to provide stability. Now, it seems, FISA inteods unilaterally to change the rules again, with different fuel regulations and measures to curb the present, seemingly relentless march in grand prix car engine power outputs towards 1,000 brake-horsepower and beyond.

M Balestre appears not to be impressed with Ferrari's intervention: FISA has issued its own statement calmly stating that its review of the rules is going ahead.

Among constructors, drivers, the major car companies involved and—no less important—commercial sponsors, there is a oinking feeling that after a year or so of uneasy truce, hattle once again is about to spread beyond the racetrack itself. For a sport which, according to motor racing author and journalist Tony Howard, involves investment, by all concerned, of over £200m a year, "it seems one hell of a way to carry on," according to one apprehensive sponsor.

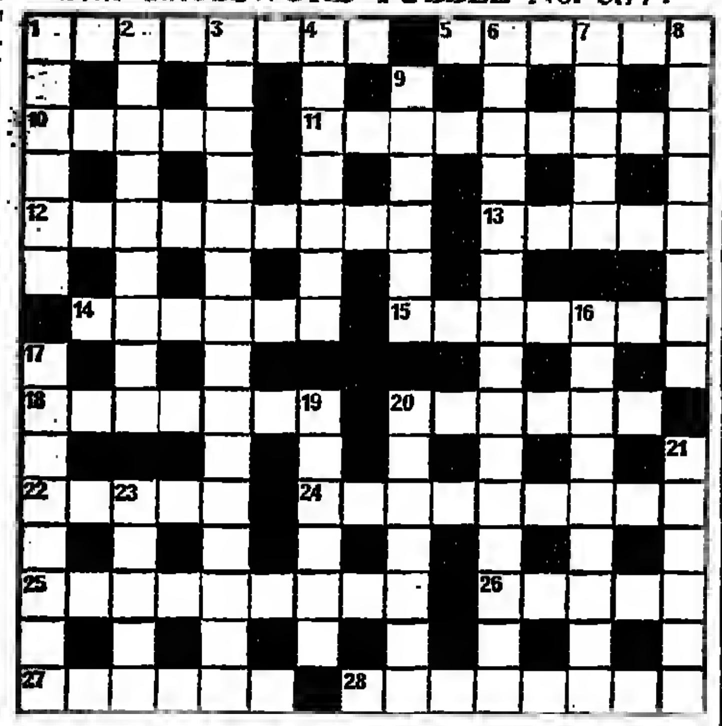
None of which, however, is likely to make much of an impact on the expected crowd of 100,000 or so watching the grand prix itself tomorrow. They will be more interested in the outcome of the eighth race of one of the most diverse grand prix seasons for years.

Six of the races so far have been won by different drivers, victories have been spread among five different engine makes—a far cry from the total domination for many years of the Ford Cosworth V8—and by five different constructors.

Ironically, it is Ferrari which is narrowly leading the constructors' world championship (from Lotus-Renault and McLaren-TAG), and one of its three drivers, Michele Alborete, who so far is leading for the drivers' title . . .

John Griffiths

F.T. CROSSWORD PUZZLE No. 5,774



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crosswords on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

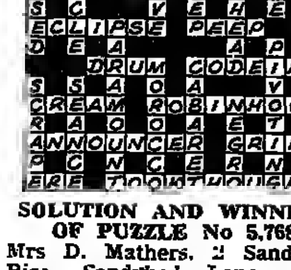
ACROSS

1 The doctor likewise resigned, admitting "it can transmit disease" (8)
5 Very large number start drinking port (6)
10 The terrible cost one accepts wben indifferent to pain (5)
11 Sold user damaged container for duck having no smell (9)
12 Distraught D.A. made gun safe (9)
13 Complete: "it will be a lot different after tea, so to speak" (5)
14 The young swine! (6)
15 Show badly hit ibex (7)
18 Go in for a t-test! (7)
20 The way not to walk, or ooe way to walk (6)
22 Drill for water after last night (5)
24 Brown and green I mixed to get this colour (9)
25 Make a personal delivery to a foreign government? (9)
26 Proportion engaged in entering port (5)
27 Seeing the redhead in a corset, looes concentration! (6)
28 Exist, as telephone is installed, to give orientation (8)

DOWN

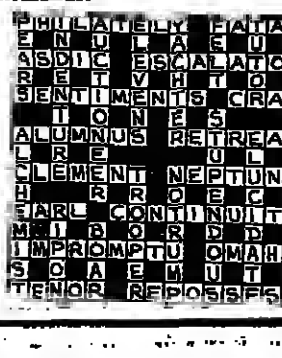
1 "Queue," you say, "in some rebuilt place of worship" (6)
2 Words in F.T. version of "A Wintery Bank" (9)
3 "Sun," given free when the leader's been omitted, is not very flattering (15)
4 Nevertheless, it's Terry's first consideration (7)
6 One of those responsible for moving litter (9-6)
7 It happened to be a lady, not without love (5)
8 When retiring, fail to keep girl-friend around, whicb is depressing (8)
9 Loving the continental caress (6)
16 Mind ban being arranged to include game (9)
17 It should provide some comfort for people during retirement (8)
19 Dainty flier takes control of horses (6)
20 Because he's left here, it's open (7)
21 The editor's upset on writing about evil spirits (6)
23 Change a pound, getting the return half back (5)

Solution to Puzzle No 5,773



SOLUTION AND WINNERS OF PUZZLE No 5,768

Mrs D. Mathers, 2 Sandyhed Rise, Sandybed Lane, Scarhorough, Yorkshire.
Mrs Edith Platt, 228 London Road, Appleton, Warrington, Cheshire.
Mrs Y. Rogers, 25 The Waldrons, Thornford, Sherborne, Dorset.
Mr and Mrs Stripp, The Old Green, Green Lane, Linton, Cambridge.
Mr R. Campbell-Cooke, Ladywell House, Orton Lane, Lower Penn, Nr Wolverhamptoo, West Midlands.



SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1

8.30 am The Saturday Picture Show. 10.45-6.25 pm Grandstand: Golf (The Open Championship); Cricket (Benson and Hedges Cup Final); Racing from Newbury. 6.25 pm The Pink Panther Show. 6.45 News. 6.55 Regional programmes. 7.00 The 1985 Royal Tournament. 8.00 Are You Being Served? 8.30 Film: "Warning Shot," starring David Janssen, Joan Collins and Stefanie Powers. 10.10 News and Sport. 10.25 The Val Doonican Music Show. 11.15 Film: "The April Fools," starring Jack Lemmon and Catherine Deneuve. 12.50-12.55 am Weather.

BBC 2

3.10-7.30 pm Cricket: The Benson and Hedges Cup Final. 7.30 He Makes Me Feel Like Dancing. 8.15 News and Sport. †8.30 Film: "The Whisperers," starring Dame Edith Evans. 10.15 Saturday Review. 11.15 Golf: The Open. 11.55-12.50 am Cricket: Highlights of the Benson and Hedges Cup Final.

LONDON

9.25 LWT Information. 9.30 Man and Jenny on the Wilderness Trail. 10.00 Henson's Place. 11.00 Cartoon. 11.15 The Champions. 12.15 pm World of Sport, including Athletics (The Peugeot Talbot Games from Crystal Palace); Cycling (The Tour de France); Yachting (The Admiral's Cup Trials); Racing from Newmarket and Ayr; WBC World Welterweight Boxing championship—Milton McCrory against Carlos Trujillo: Wrestling.

5.00 News. 5.05 The Smurfs. 5.20 Happy Days. 5.45 Just Amazing! 6.30 Kelly's Eye. 7.15 Border Boys. 7.45 Ultra Quiz '85. 8.45 Athletics. 9.45 News and Sport. 10.00 Film: "Bonnie And Clyde," starring Warren Beatty and Faye Dunaway. 12.00 Bellamy. 12.50 am Osibisa At The Marquee. 1.40 Night Thoughts.

CHANNEL 4

1.05 pm Nature in Focus. 1.30 Ever Thought of Sport? †1.55 Film: "A Window in London," starring Michael Redgrave and Paul Lukas. †3.20 Film: "Brothers in Law," starring Ian Carmichael, Richard Attenborough and Terry-Thomas. 5.05 Brookside Omnibus. 6.00 Family, Ties. 6.30 Babble. 7.00 Rejoice.

S4C WALES

1.30 pm Farming on 4. 2.00 The Art of Persuasion. 2.30 A Week in Politics. 3.15 Athletau. 3.30 Tour de France. 3.55 Athletau. 4.30 Criced. 5.35 The Avengers. 7.35 Newyddion. 7.45 Llun Ar y Sgrin. 8.15 Athletau. 8.15 Tandoon Nights. 9.45 Lou Grant. 10.40 Pel Fas. 11.20 Film: "Don's Party."

REGIONS

IBA regions as London except for the following programmes:

ANGLIA

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 10.00 The Harlem Globetrotters. 10.25 Film: "The Bushbaby." 5.05 pm Connections. 5.35 Chips. 12.05 am Live at the City Hall.

BORDER

9.25 am Walt Disney Presents. 9.35 Freetime Special. 10.00 The Adventures of Gulliver. 10.30 Film "The Bushbaby." 5.05 pm The Zodiac Game. 5.35 Knight Rider.

CENTRAL

9.25 am Walt Disney Presents. 9.35 Freetime. 10.00 Fangface. 10.30 Film: "The Bushbaby." 5.05 pm Film: "Zulu Dawn" starring Burt Lancaster, Peter O'Toole and Simon Ward. 12.00 Chicago Knockers.

CHANNEL

9.25 am Captain Scarlet and the Mysterons. 9.50 Puffin's Pla(i)ce. 9.52 Blockbusters. 10.25 Standby, Lights, Camera, Action. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 5.05 pm Puffin's Pla(i)ce. 5.07 Connections. 5.35 Knight Rider.

GRAMPIAN

9.25 am Cartoon. 9.30 Beathalchean Neontach. 10.00 Bits 'N' Pieces. 10.25 Sesame Street. 11.20 Chips. 5.05 pm Connections. 5.35 Magnum. 12.05 am Reflections.

GRANADA

9.25 am Sesame Street. 10.20 Cartoon. 10.30 The Groovie Ghoulies. 10.55 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Diff'rent Strokes. 3.35 Film: Submarine X-1, starring James Caan. 12.05 am Thin Lizzy: Live and Dangerous. 1.00 Comedy Tonight.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †10.00 Fireball XL5. 10.25 Film: "Bedtime Story," starring Marlon Brando and David Niven. 5.05 pm Keep it in the Family. 5.35 Chips. 12.05 am Portrait of a Legend.

SCOTTISH

5.25 am Cartoon. 9.30 Beathalchean Neontach. 10.00 Bits 'n' Pieces. 10.30 Once Upon a Time . . . Man. 10.55 Freetime Special. 11.20 Chips. 12.05 am Late Call.

TSW

9.25 am Captain Scarlet and the Mysterons. 9.50 Gus Honeybun's Magic Birthdays. 9.52 Blockbusters. 10.25 Standby, Lights, Camera Action. 11.20 Freeze Frame. 5.07 pm Connections. 5.35 Knight Rider. 12.00 Rock of the 1970s. 12.30 am Postscript.

TVS

9.25 am Cartoon. 9.35 Scooby Doo. 10.00 Batman. 10.25 Sealab 2020. 10.50 Dangerfreaks. 11.50 Do It. 5.05 pm Connections. 5.35 The A-Team. 12.05 am Portrait of a Legend. 12.35 Company.

TYNE TEES

9.25 am Morning Glory. 9.30 The Jacksons. 9.55 Young Lookaround. 10.00 Short Story Theatre. 10.30 Cartoon. 10.40 Just Amazing. 11.20 Chips. 5.30 pm Battlestar Galactica. 12.05 am Poet's Corner.

ULSTER

9.25 am Walt Disney Presents. 9.30 Freetime. 10.00 Doort Billy. 10.30 Indian Legends of Canada. 11.00 Cartoon. 11.20 Fireball XL5. 11.45 The Smurfs. 5.05 pm The Zodiac Game. 5.30 Battlestar Galactica. 12.05 am Nerwest Jazz. 12.30 Sports Results.

YORKSHIRE

8.25 am Cartoon. 9.35 Scooby Doo. 10.00 Care Bears. 10.25 Magic Adventure. 11.20 Captain Scarlet and the Mysterons. 11.50 Happy Days. 5.05 pm Benson. 5.35 Chips. 12.05 am That's Hollywood.

RADIO

(S) = Stereo on VHF

BBC RADIO 2

2.5 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Castle's Corner (S). 1.00 The Grumbleweeds. 1.30 Sport including British Open golf; Cricket: the Benson and Hedges Cup Final; Motor Racing: British GP. 7.00 Three in a Row. 7.30 Cricket Scoreboard; Gala Concert (S). 9.30 String Sound (S). 10.02 Sports Desk. 10.15 Martin Kelner (S). 12.5 am Night Owls (S). 1.00 Steve Madden (S). 3.00 Wally Whyton (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.30 Bach On Record. The St Matthew Passion (Part 1, Nos 1-17) conducted by Mengelberg. 11.15 Concert from the Malvern Festival (S) BBC Philharmonic Beethoven, Tippett. 1.00 pm News. 1.05 John Ireland Songs (S). 2.00 Amsterdam Concertgebouw Orchestra (S) Schubert, Dvorak, Mendelssohn, Mahler. 4.00 Mozart and Haydn (S). 5.00 Jazz Record Requests (S). 5.45 What The Critics Said. 6.35 Music For The Iron Voice (S). 7.00 Proms 85. The Chamber Orchestra of Europe. Part 1: Ravel, Mendelssohn (S). 7.45 As A Cow LOOKS AT A TRAIN. Readings from Paul Valery's "Art of Poetry." 8.06 Proms 85 Part 2: Beethoven (Violin Concerto, with Salvatore Accardo) (S). 9.00 A Man Without Illusions. 9.45 Proms 85 Scarlatti and Schutz (S). 11.00 Mendelssohn (S). 11.57-12.00 News.

Medium wave as vhf above except: 10.55 am-7.00 pm Cricket Special, The Benson and Hedges Cup Final.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 After Henry. 9.35 Bolshoi Tyshinsky. 9.50 News Stand. 10.05 The Week In Westminster. Political review by Peter Riddell of the Financial Times. 10.30 Pick Of The Week (S). 11.30 From Our Own Correspondent. 12.00 News: A Small Country Living. 12.27 pro Quo . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 2.00 The Afternoon Play (S). 3.00 Radio Active (S). 3.30 Explorers Extraordinary (S). 4.15 Words By Hart. 4.45 Work And I. 5.00 Wildlife (S). 5.25 Week Ending (S). 6.00 News. 6.25 With Great Pleasure (S). 7.05 Stop The Week With Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now. 11.30 The Million Pound Radio Show (S). 12.00 News; Weather.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Knock! Knock! 9.30 This Is The Day. 10.00 Asian Magazine. 12.35 pm Farming. 1.00 News. 1.05 Bonanza. 1.55 Cartoons. 2.15 The British Grand Prix. 4.25 Eastenders. 5.25 The Rock 'N' Roll Years. 5.55 Watchdog. 6.25 Glone Hunnilord on behalf of The Harmony Community Trust. 6.30 News. 6.40 Home On Sunday. 7.15 Drugwatch. 8.25 News. 9.40 Why Do They Call It Good Friday? 10.30 Choices. 11.15 The Fall And Rise Of King Cotton. 11.35 History On Your Doorstep. 12.00 Weather.

BBC 2

1.55 pm Sunday Grandstand including Golf: The Open; news of the British Grand Prix. 3.50 News Review. 7.15 Great Collectors. 8.05 Birdwatch. 8.45 British Grand Prix Highlights. 9.25 The Two Ronnies. 10.15 Film: "White Lightning," starring Burt Reynolds. 11.55 Open Gold highlights. 12.35 am Music At Night.

LONDON

9.25 am LWT Information. 9.30 Roger Ramjet. 9.45 Pumpkin Puss. 10.00 Morning Worship. 11.00 Link. 11.30 Working For A Better Life. 12.00 Toks 30 . . . The Asatin 7. 12.30 pm Jobwatch. 1.00 Cartoon. 1.10 Smurfs. 2.30 Summer Arts Festival 1985. 4.00 Survival Of The Fittest 4.30 Pretenders. 5.00 Now You See It. 5.30 The Baron. 2.30 News. 2.40 Mary O'Hara And Friends. 7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.45 News. 9.00 Cennie. 10.00 Tales of The Unexpected. 10.30 The Jimmy Young Television Programme. 11.15 American Documentary. 12.10 am Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Face The Press. 12.00 pm Film: "Saloon Bar," starring Gordon Harker. 3.25 World Of Back To The Roots. 5.30 News followed by Mothers By Daughters. 6.15 The Mississippi. 7.15 Heritage: Civilization And The Jews. 8.15 pm People To People. 9.15 American Short Story. 10.15 Film: "Strangers When We Meet," starring Kirk Douglas and Kim Novak.

S4C WALES

1.55 pm Union World. 2.25 Gardeners' Calendar. 2.55 Wales: Landscape and Legend. 3.25 Criced. 4.00 Tour De France. 5.00 Criced. 3.30 Heritage: Civilization And The Jews. 7.30 Newyddion. 7.35 Dawn Dweud. 8.05 Pwy Sy'n Perthyn? 8.35 Mwyniant Pethe. 9.05 Byd Cerdd. 9.55 Octopus—Power Of The Mafia. 11.10 People To People. 11.55 Rejoice.

REGIONS

IBA regions as London except for the following programmes:—

ANGLIA

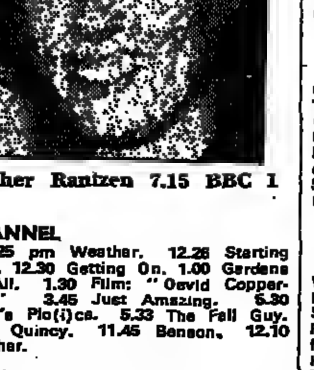
9.30 am At Home With. 1.00 pm Mr Smith Falls in Love. 1.25 Weather. 1.30 Farming Diary. 2.00 Film: "The Most Dangerous Man in the World." 3.45 Just Amazing! 3.30 Bygones. 6.00 For Valour. 11.15 TJ Hooker. 12.15 am The Bible For Today.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Survival. 1.30 Farming Outlook. †2.00 Film: "Two Left Feet" starring Michael Crawford. 3.45 Just Amazing. 5.30 Hardcastle and McCormick. 11.15 Till Divorce Do Us Part?

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 Working for a Better Life. 11.30 Gardening Time. 1.00 pm Captain Scarlet and the Mysterons. 1.30 The Adventure. 2.00 Film: "The Most Dangerous Man in the World," starring Gregory Peck and Anne Heywood. 3.45 Just Amazing. 5.30 The A-Team. 11.15 Country Music.



Esther Rantzen 7.15 BBC 1

CHANNEL

12.25 pm Weather. 12.28 Starting Point. 12.30 Getting On. 1.00 Gardens for All. 1.30 Film: "David Copperfield." 3.45 Just Amazing. 5.30 Puffin's Pla(i)ce. 5.33 The Fall Guy. 11.15 Quincy. 11.45 Benson. 12.10 Weather.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Sesame Street. 1.00 pm Farming Outlook. 1.30 Survival. 2.00 Documentary — "Janet and Mischo." 2.30 Looks Familiar. 3.13 Brunel: The Bridge of Brunel's Dreams. 3.45 Just Amazing. 5.30 Scarecrow and Mrs King. 11.13 Les Miserables. 12.15 Reflections.

GRANADA

8.25 am Miniature Chess Masterpieces. 9.30 The Human Face of the Pacific. 11.00 Working for a Better Life. 11.25 Aap Kaa Hak. 11.30 This Is Your Right. 1.00 pm Battlestar Galactica. 2.00 Survival. 2.30 Film: "The Movies Go To War." 4.25 Cartoons. 5.00 Cartoons. 5.15 Just Amazing. 6.00 The Zodiac Game. 11.15 Film: "Night Terror" starring Valerie [illegible]

HTV

9.25 am Adventure of the Mouse On Mars. 9.30 Once Upon A Time . . . Man. 1.00 pm Ride. 1.30 Farming Wales. 2.00 The Protectors. 2.30 Film: "The Black Tulip," staring Alain Delon and Virna Lisi. 5.00 That's My Boy. 5.30 Falcon Crest. 11.15 Travelling Man.

HTV Wales—As HTV West except: †2.00-3.30 pm The Marx Brothers Go West. 3.30-4.30 The British Rail Welsh Games.

SCOTTISH

8.25 am Cartoon. 9.30 Working for a Better Life. 10.00 Sesame Street. 11.30 Sunday Documentary. 1.00 pm Dreams. 1.30 Farming Outlook. 2.00 Chapter and Verse. 2.30 World Famous Fairytales. 2.45 Hardcastle and McCormick. 3.45 Just Amazing. 5.30 Return of the Saint. 11.18 Late Call. 11.20 The New Avengers.

TSW

8.25 am Link followed by South West Link. 11.00 Working for a Better Life. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Film: "David Copperfield." 3.45 Just Amazing. 5.30 Gus Honeybun's Magic Birthdays. 5.33 The Fall Guy. 11.15 South West Week. 11.45 Benson. 12.10 am Postscript.

TVS

8.25 am The Beory Family. 9.35 Fangface. 1.00 pm Agenda. 1.30 Levkas Man. 2.30 Film: "Never Look Back" starring Rosamund John and Hugh Sinclair. 4.00 Survival. 11.15 Liloline. 12.15 Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Link. 11.00 Working for a Better Life. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 Celebration. 2.00 Film: "The World of Suzie Wong" starring William Holden and Nancy Kwan. 5.30 Magnum. 11.15 The Beverly Hillbillies.

ULSTER

11.00 am Link. 1.00 pm Robert White sings the American Songbook. 1.15 Brass in Concert. 2.00 Film: "The Chairman" starring Gregory Peck and Anne Heywood. 3.30 The Love Boat. 11.15 Sports Results. 11.20 Ulster GAA Football Final.

YORKSHIRE

9.25 am Link. 11.00 Working for a Better Life. 11.30 Farming Diary. 1.00 pm A Land, A Man, A God. 1.30 The Smurfs. 1.45 The Champions. 2.45 Film: "Masquerade" starring Jack Hawkins and Cliff Robertson. 5.00 The Zodiac Game. 5.30 Cartoons. 3.45 Just Amazing! 11.15 America's Battle with Crime. 12.10 am Five Minutes.

RADIO

(S)—Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle (S). 9.00 Melodies For You (S). 11.00 Desmond Carrington (S). 1.00 pm Ray Moore presents Two's Best (S). 2.00 Sport: Golf: The final round of the British Open; Motor Racing: British Grand Prix; French motorcycling grand prix; Tour de France and Cricket scores. 3.30 Don McClean. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights. 8.30 Sunday Half Hour. 9.00 Jack Brymer. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Tony Lee. 11.00 Sounds of Jazz. 1.00 am Steve Madden (S). 3.00-4.00 Ray Moore presents Two's Best (S).

BBC RADIO 3

7.05 am Eugene Ormandy. Bach, Brahms, Rachmaninov, Chabrier (S). 8.00 Bach Cantatas 1724 No 107 (S). 8.20 French Music For Wind Instruments—Berlioz: Symphonie funebre et triomphale (S). 9.00 News. 9.05 Your Concert Choice (S). 10.45 Prom Talk. 11.15 Chicago Symphony Orchestra with Krystian Zimmerman) (S). 12.00 Words. 12.05 pm Chicago SO—Part 2: Dvorak (Symphonic Variations) (S). 12.30 Beethoven and Schumann Piano Trios (S). 1.10 Two Venetians—Vivaldi's Oboe Concerto in D minor (RV 454) and Malipiero's Violin Concerto No 2 (S). 1.40 Czech Piano Music (S). 2.30 Der Freischutz (S). 5.13 A Truce To Terror. 6.00 The King Of Harlem (S). 6.30 Magnificat (S). 7.30 Proms 85 — Bach cantatas performed by the Monteverdi Choir and English Baroque Soloists conducted by John Eliot Gardiner No 50: Nun ist das Heil; No 4: Christ lag in Todesbanden; No 55: Ich armer Mensch (S). 8.15 A Memorable Scene. 8.35 Proms 85—Part 2: Cantata No 11 (S). 9.25 Cello and Piano—Beethoven, Bloch, Hindemith (S). 10.10 Ivos. Sessions, Carter (S). 11.00 Philharmonia Wind Ensemble—Mozart's Serenade K361 (S). 11.57 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Claire Rayner. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 pm Weather. 1.00 The World This Weekend. 2.00 In Tune with the Times (S). 2.30 The Afternoon Play (S). 4.00 Heritage. 4.30 The Living World. 5.00 News; Travel. 5.05 Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Treasure Islands. 6.30 A Good Read. 7.00 Travel; XPO (S). 7.30 In the Psychiatrist's Chair. 8.05 Law in Action. 9.30 Setting Sail (S). 9.00 News; Kidnapped and Catriona (S). 10.00 News. 10.15 A Year in the Life of the Albert Hall (S). 11.00 The Play's the Thing (S). 11.15 Inside Parliament. 12.00 News; Weather.

Solution to Chess No. 577: 1 Q-R2, PxQ; 2 B-B5, KxB...